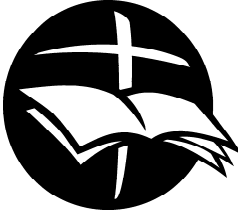


World Missionary Press, Inc.

Financial Statements
September 30, 2021



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Independent Auditor's Report

RSM US LLP

Board of Directors
World Missionary Press, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of World Missionary Press, Inc. which comprise the balance sheets by fund as of September 30, 2021 and 2020, and the related statements of activities and cash flows by fund for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, 2021 and 2020, 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 10, 2021

World Missionary Press, Inc.
Balance Sheets by Fund
September 30, 2021 and 2020

	2021				2020			
	General	Stewardship	Annuity	Total All Funds	General	Stewardship	Annuity	Total All Funds
Assets								
Current assets:								
Cash and cash equivalents	\$ 2,564,814	\$ 147,765	\$ 3,234	\$ 2,715,813	\$ 3,566,200	\$ 120,178	\$ 3,234	\$ 3,689,612
Accounts receivable	1,193	185	-	1,378	3,914	2,515	-	6,429
Contributions receivable	5,000	240	-	5,240	-	-	-	-
Inventories	93,478	-	-	93,478	147,292	-	-	147,292
Prepaid expenses	191,223	2,327	-	193,550	230,403	2,275	-	232,678
Investments	9,523,400	-	-	9,523,400	6,845,468	-	-	6,845,468
Total current assets	12,379,108	150,517	3,234	12,532,859	10,793,277	124,968	3,234	10,921,479
Property and equipment:								
Land and land improvements	136,432	61,275	-	197,707	136,432	61,275	-	197,707
Buildings	1,291,640	850,474	-	2,142,114	1,281,667	847,906	-	2,129,573
Construction in process	71,562	-	-	71,562	-	-	-	-
Machinery and equipment	1,940,858	-	-	1,940,858	1,913,289	-	-	1,913,289
Furniture, fixtures and office equipment	289,575	700	-	290,275	280,954	700	-	281,654
	3,730,067	912,449	-	4,642,516	3,612,342	909,881	-	4,522,223
Less accumulated depreciation	(2,094,372)	(587,125)	-	(2,681,497)	(1,949,242)	(566,735)	-	(2,515,977)
Net property and equipment	1,635,695	325,324	-	1,961,019	1,663,100	343,146	-	2,006,246
Other assets:								
Investment in annuities	-	-	72,534	72,534	-	-	76,154	76,154
Total other assets	-	-	72,534	72,534	-	-	76,154	76,154
Total assets	\$ 14,014,803	\$ 475,841	\$ 75,768	\$ 14,566,412	\$ 12,456,377	\$ 468,114	\$ 79,388	\$ 13,003,879
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	\$ 101,250	\$ 554	\$ -	\$ 101,804	\$ 138,559	\$ 792	\$ -	\$ 139,351
Accrued expenses	22,905	26,561	-	49,466	60,429	31,605	-	92,034
Notes payable	-	31,667	-	31,667	-	31,667	-	31,667
Current portion of annuity obligations	-	-	4,103	4,103	-	-	3,424	3,424
Total current liabilities	124,155	58,782	4,103	187,040	198,988	64,064	3,424	266,476
Long-term liabilities:								
Annuity obligations	-	-	68,431	68,431	-	-	72,534	72,534
Total liabilities	124,155	58,782	72,534	255,471	198,988	64,064	75,958	339,010
Net assets:								
Without donor restrictions	5,963,485	417,059	3,234	6,383,778	3,752,794	404,050	3,430	4,160,274
With donor restrictions	7,927,163	-	-	7,927,163	8,504,595	-	-	8,504,595
Total net assets	13,890,648	417,059	3,234	14,310,941	12,257,389	404,050	3,430	12,664,869
Total liabilities and net assets	\$ 14,014,803	\$ 475,841	\$ 75,768	\$ 14,566,412	\$ 12,456,377	\$ 468,114	\$ 79,388	\$ 13,003,879

See notes to financial statements.

World Missionary Press, Inc.
Statements of Activities by Fund
Years Ended September 30, 2021 and 2020

	2021				2020			
	General	Stewardship	Annuity	Total All Funds	General	Stewardship	Annuity	Total All Funds
Changes in Net Assets without Donor Restrictions								
Revenues:								
Contributions without donor restrictions	\$ 3,397,790		\$ -	\$ 3,397,790	\$ 3,258,731	\$ -	\$ -	\$ 3,258,731
Rental income	-	66,146	-	66,146	-	65,985	-	65,985
Gain on disposal of assets	298	-	-	298	-	-	-	-
Loss on sale of donated land/property held for sale	-	-	-	-	(336,005)	-	-	(336,005)
Investment income	1,539,500	245	-	1,539,745	908,524	199	-	908,723
Miscellaneous income	34,701	-	-	34,701	36,144	-	196	36,340
Total revenues without donor restrictions	4,972,289	66,391	-	5,038,680	3,867,394	66,184	196	3,933,774
Net assets released from restrictions:								
Satisfaction of operating restrictions	2,548,802	-	-	2,548,802	1,683,169	-	-	1,683,169
Satisfaction of capital acquisition restrictions	99,576	-	-	99,576	10,058	-	-	10,058
Total net assets released from restrictions	2,648,378	-	-	2,648,378	1,693,227	-	-	1,693,227
Total revenues and other support without donor restrictions:	7,620,667	66,391	-	7,687,058	5,560,621	66,184	196	5,627,001
Expenses:								
Program services:								
Production	3,072,722	-	-	3,072,722	3,006,016	-	-	3,006,016
Shipping	1,421,929	-	-	1,421,929	893,748	-	-	893,748
Total program services	4,494,651	-	-	4,494,651	3,899,764	-	-	3,899,764
Supporting activities:								
Development	364,695	-	-	364,695	290,132	-	-	290,132
General	550,630	53,622	196	604,448	535,406	66,764	666	602,836
Total supporting activities	915,325	53,622	196	969,143	825,538	66,764	666	892,968
Total expenses	5,409,976	53,622	196	5,463,794	4,725,302	66,764	666	4,792,732
Increase (decrease) in net assets without donor restrictions:	2,210,691	12,769	(196)	2,223,264	835,319	(580)	(470)	834,269
Changes in Net Assets with Donor Restrictions								
Restricted contributions	2,070,946	240	-	2,071,186	1,137,090	240	-	1,137,330
Net assets released from restrictions	(2,648,378)	-	-	(2,648,378)	(1,693,227)	-	-	(1,693,227)
(Decrease) increase in net assets with donor restrictions	(577,432)	240	-	(577,192)	(556,137)	240	-	(555,897)
Change in net assets	1,633,259	13,009	(196)	1,646,072	279,182	(340)	(470)	278,372
Net assets, beginning	12,257,389	404,050	3,430	12,664,869	11,973,207	409,390	3,900	12,386,497
Interfund transfers	-	-	-	-	5,000	(5,000)	-	-
Net assets, ending	\$ 13,890,648	\$ 417,059	\$ 3,234	\$ 14,310,941	\$ 12,257,389	\$ 404,050	\$ 3,430	\$ 12,664,869

See notes to financial statements.

World Missionary Press, Inc.

**Statements of Cash Flows by Fund
Years Ended September 30, 2021 and 2020**

	2021				2020			
	General	Stewardship	Annuity	Total	General	Stewardship	Annuity	Total
Cash flows from operating activities:								
Change in net assets	\$ 1,633,259	\$ 13,009	\$ (196)	\$ 1,646,072	\$ 279,182	\$ (340)	\$ (470)	\$ 278,372
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	150,149	20,390	-	170,539	154,213	21,549	-	175,762
Gain on disposal of assets	298	-	-	298	-	-	-	-
Loss on sale of donated land/property held for sale	-	-	-	-	336,005	-	-	336,005
Change in present value of annuities	-	-	196	196	-	-	666	666
Contribution revenue restricted for long-term purposes	(759,701)	-	-	(759,701)	(12,965)	-	-	(12,965)
Realized and unrealized gain on investments	(1,477,932)	-	-	(1,477,932)	(879,032)	-	-	(879,032)
(Increase) decrease in:								
Accounts receivable	2,721	2,330	-	5,051	(3,720)	(2,205)	-	(5,925)
Contributions receivable	(5,000)	(240)	-	(5,240)	161,492	1,500	-	162,992
Inventories	53,814	-	-	53,814	1,413	-	-	1,413
Prepaid expenses	39,180	(52)	-	39,128	(76,482)	(133)	-	(76,615)
Increase (decrease) in:								
Accounts payable	(37,309)	(238)	-	(37,547)	23,201	(635)	-	22,566
Accrued expenses	(37,524)	(5,044)	-	(42,568)	15,909	2,541	-	18,450
Net cash provided by (used in) operating activities	(438,045)	30,155	-	(407,890)	(784)	22,277	196	21,689
Cash flows from investing activities:								
Acquisitions of property and equipment	(123,042)	(2,568)	-	(125,610)	(18,548)	(2,326)	-	(20,874)
Purchase of investments	(1,200,000)	-	-	(1,200,000)	(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	(1,323,042)	(2,568)	-	(1,325,610)	2,979,041	(2,326)	-	2,976,715
Cash flows from financing activities:								
Reinsured annuity payments received	-	-	18,037	18,037	-	-	18,037	18,037
Annuity payments	-	-	(18,037)	(18,037)	-	-	(18,037)	(18,037)
Collections of contributions restricted for long-term purposes	759,701	-	-	759,701	12,965	-	-	12,965
Interfund transfers	-	-	-	-	5,000	(5,000)	-	-
Net cash provided by (used in) financing activities	759,701	-	-	759,701	17,965	(5,000)	-	12,965
Increase (decrease) in cash and cash equivalents	(1,001,386)	27,587	-	(973,799)	2,996,222	14,951	196	3,011,369
Cash and cash equivalents, beginning	3,566,200	120,178	3,234	3,689,612	569,978	105,227	3,038	678,243
Cash and cash equivalents, ending	\$ 2,564,814	\$ 147,765	\$ 3,234	\$ 2,715,813	\$ 3,566,200	\$ 120,178	\$ 3,234	\$ 3,689,612
Supplemental disclosures of cash flows information:								
Cash payments for interest	\$ -	\$ 833	\$ -	\$ 833	\$ -	\$ 833	\$ -	\$ 833

See notes to financial statements.

World Missionary Press, Inc.

Notes to 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 in conformity with accounting principles generally accepted in the United States of American (GAAP).

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, 2021 and 2020, the Organization held no net assets with donor restrictions that were perpetual in nature.

World Missionary Press, Inc.

Notes to 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 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. Management has determined all outstanding promises to give are fully collectible and no allowance for doubtful accounts is necessary.

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. Management has determined no obsolescence reserve is necessary to record at September 30, 2021 and 2020.

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

Notes to Financial Statements

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

Long-lived assets: The Organization reviews its long-lived assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, include cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Organization would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of long-lived assets. There was no impairment at September 30, 2021 and 2020.

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 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, 2021 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.

Adopted accounting standards: In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurements*. The new guidance simplifies fair value measurement disclosures through removal and modification of a number of investment related disclosure requirements. Certain disclosures are no longer required including amount of and reasons for transfers between Levels 1 and 2; policy for timing of transfers between levels and valuation processes for Level 3 investments. The adoption of this ASU did not have a material impact on the Organization's financial statements.

World Missionary Press, Inc.

Notes to Financial Statements

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

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 financial statements. The Organization is currently evaluating the effect of the pending adoption of the new standard on the 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 financial statement. Early adoption is permitted. The Organization is currently evaluating the impact of this new standard on its 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 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 10, 2021, the date the financial statements were available to be issued.

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, for the General Fund are:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 2,564,814	\$ 3,566,200
Accounts receivable	1,193	3,914
Contribution receivable	5,000	-
Investments	9,523,400	6,845,468
Total financial assets available within one year	<u>12,094,407</u>	<u>10,415,582</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted assets (Note 8)	7,927,163	8,504,595
Amount available for general expenditure within one year	<u>\$ 4,167,244</u>	<u>\$ 1,910,987</u>

World Missionary Press, Inc.

Notes to Financial Statements

Note 2. Liquidity and Availability (Continued)

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

	2021	2020
Financial assets:		
Cash for rental property needs	\$ 116,098	\$ 88,511
Cash for revocable loan repayment requests	31,667	31,667
Accounts receivable	185	2,515
Contribution receivable	240	-
Total cash and cash equivalents	<u>\$ 148,190</u>	<u>\$ 122,693</u>

World Missionary Press Annuity Fund has cash and cash equivalents of \$3,324 available within one year to meet cash needs related to annuitant interest payments for both years ended September 30, 2021 and 2020. 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 are composed of the following:

	2021	2020
Paper, ink, and printing supplies	<u>\$ 93,478</u>	<u>\$ 147,292</u>

Note 4. Investments

Investments as of September 30 consisted of the following:

	2021	2020
International equity exchange traded funds	\$ 740,495	\$ 636,195
Bond exchange traded funds	1,240,425	819,065
Domestic equity exchange traded funds	2,665,248	1,807,893
International mutual funds	2,667,609	799,005
Domestic mutual funds	1,732,472	1,335,392
Bond mutual funds	477,121	1,447,888
Bonds held at fair value	30	30
Reinsured charitable gift annuities	72,534	76,154
	<u>\$ 9,595,934</u>	<u>\$ 6,921,622</u>

The Organization held investments in a domestic equity exchange traded fund that made up approximately 12% of total investments at September 30, 2021 and 2020, respectively. The Organization held investments in a bond mutual fund that made up approximately 17% and 0% of total investments at September 30, 2021 and 2020, respectively.

World Missionary Press, Inc.

Notes to Financial Statements

Note 4. Investments (Continued)

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 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.

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.

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.

World Missionary Press, Inc.**Notes to Financial Statements**

Note 5. Fair Value Measurement (Continued)

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:

	2021			
	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	\$ 740,495	\$ -	\$ -	\$ 740,495
Bond exchange traded funds	1,240,425	-	-	1,240,425
Domestic equity exchange traded funds	2,665,248	-	-	2,665,248
International mutual funds	2,667,609	-	-	2,667,609
Domestic mutual funds	1,732,472	-	-	1,732,472
Bond mutual funds	477,121	-	-	477,121
Bonds held at fair value	-	30	-	30
Reinsured charitable gift annuities	-	-	72,534	72,534
	<u>\$ 9,523,370</u>	<u>\$ 30</u>	<u>\$ 72,534</u>	<u>\$ 9,595,934</u>

	2020			
	Assets Measured at Fair Value			
	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>

During the years ended September 30, 2021 and 2020, there were no transfers in or out of level 3.

World Missionary Press, Inc.

Notes to Financial Statements

Note 6. Property and Equipment

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

	2021				
	Balance September 30, 2020	Additions and (Disposals)	Balance September 30, 2021	Accumulated Depreciation	Net Book Value
General fund:					
Land and land improvements	\$ 136,432	\$ -	\$ 136,432	\$ -	\$ 136,432
Buildings	1,281,667	9,973	1,291,640	709,542	582,098
Construction in process	-	71,562	71,562	-	71,562
Machinery and equipment	1,913,289	27,569	1,940,858	1,044,447	896,411
Furniture, fixtures, and office equipment	280,954	8,621	289,575	340,383	(50,808)
	<u>\$ 3,612,342</u>	<u>\$ 117,725</u>	<u>\$ 3,730,067</u>	<u>\$ 2,094,372</u>	<u>\$ 1,635,695</u>
Stewardship fund:					
Land and land improvements	\$ 61,275	\$ -	\$ 61,275	\$ -	\$ 61,275
Buildings	847,906	2,568	850,474	586,425	264,049
Furniture and fixtures	700	-	700	700	-
	<u>\$ 909,881</u>	<u>\$ 2,568</u>	<u>\$ 912,449</u>	<u>\$ 587,125</u>	<u>\$ 325,324</u>
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>

As part of the Organization's continued efforts to publish and distribute Scripture booklets, Bible studies, and other gospel literature worldwide, it has committed to the construction of a new building to be used for storage and production. Current construction costs are recorded on the balance sheet in construction in process. The Organization estimates approximately \$715,000 in additional costs related to construction in process for this project. The Organization intends to fund this construction through additional donor contributions.

World Missionary Press, Inc.

Notes to Financial Statements

Note 7. Notes Payable

At September 30 the Organization has unsecured notes payable to various individuals as follows:

	2021	2020
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, 2021 and 2020, 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:

	2021	2020
Specific booklets/shipments	\$ 7,257,945	\$ 8,498,595
Specific operations projects	669,218	6,000
	<u>\$ 7,927,163</u>	<u>\$ 8,504,595</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 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 Financial Statements

Note 10. Functional Expenses (Continued)

Expenses by functional and natural classification consist of the following:

	Year Ended September 30, 2021							
	General Fund					Stewardship Fund	Annuity	Total
	Production	Shipping	Development	General	Total	General	Fund	
Paper, printing and related costs	\$ 1,898,204	\$ -	\$ 35,482	\$ 6,873	\$ 1,940,559	\$ -	\$ -	\$ 1,940,559
Postage, shipping and related costs	-	1,070,389	37,221	13,834	1,121,444	-	-	1,121,444
Payroll and employee benefits	923,090	291,252	198,344	373,967	1,786,653	-	-	1,786,653
Occupancy and equipment	157,523	33,344	8,699	21,143	220,709	-	-	220,709
Professional and non-employee fees	-	-	2,005	74,177	76,182	-	-	76,182
Other administrative costs	-	-	74,158	40,122	114,280	-	-	114,280
Depreciation	93,905	26,944	8,786	20,514	150,149	20,390	-	170,539
Interest	-	-	-	-	-	833	-	833
Insurance	-	-	-	-	-	7,258	-	7,258
Rental costs	-	-	-	-	-	25,141	-	25,141
Annuity expense	-	-	-	-	-	-	196	196
Total	\$ 3,072,722	\$ 1,421,929	\$ 364,695	\$ 550,630	\$ 5,409,976	\$ 53,622	\$ 196	\$ 5,463,794

	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	\$ 1,919,759	\$ -	\$ -	\$ 1,919,759
Postage, shipping and related costs	-	562,496	35,867	12,075	610,438	-	-	610,438
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	85,325	-	-	85,325
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