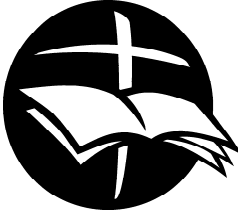


World Missionary Press, Inc.

Financial Statements
September 30, 2022



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RSM US LLP

Independent Auditor's Report

Board of Directors
World Missionary Press, Inc.

Opinion

We have audited the financial statements of World Missionary Press, Inc. (the Organization), which comprise the statements of financial position by fund as of September 30, 2022 and 2021, the related statements of activities by fund, and cash flows by fund for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

RSM US LLP

Chicago, Illinois
November 9, 2022

World Missionary Press, Inc.
Statements of Financial Position by Fund
September 30, 2022 and 2021

	2022				2021			
	General	Stewardship	Annuity	Total All Funds	General	Stewardship	Annuity	Total All Funds
Assets								
Current assets:								
Cash and cash equivalents	\$ 1,298,984	\$ 168,471	\$ 3,234	\$ 1,470,689	\$ 2,564,814	\$ 147,765	\$ 3,234	\$ 2,715,813
Accounts receivable	13,349	2,148	-	15,497	1,193	185	-	1,378
Contributions receivable	150,000	-	-	150,000	5,000	240	-	5,240
Inventories	637,801	-	-	637,801	93,478	-	-	93,478
Prepaid expenses	215,772	2,660	-	218,432	191,223	2,327	-	193,550
Investments	7,875,321	-	-	7,875,321	9,523,400	-	-	9,523,400
Total current assets	10,191,227	173,279	3,234	10,367,740	12,379,108	150,517	3,234	12,532,859
Property and equipment:								
Land and land improvements	136,432	61,275	-	197,707	136,432	61,275	-	197,707
Buildings	2,047,967	851,343	-	2,899,310	1,291,640	850,474	-	2,142,114
Construction in process	-	-	-	-	71,562	-	-	71,562
Machinery and equipment	2,184,558	-	-	2,184,558	1,940,858	-	-	1,940,858
Furniture, fixtures and office equipment	302,172	700	-	302,872	289,575	700	-	290,275
	4,671,129	913,318	-	5,584,447	3,730,067	912,449	-	4,642,516
Less accumulated depreciation	(2,232,942)	(607,126)	-	(2,840,068)	(2,094,372)	(587,125)	-	(2,681,497)
Net property and equipment	2,438,187	306,192	-	2,744,379	1,635,695	325,324	-	1,961,019
Other assets:								
Investment in annuities	-	-	68,431	68,431	-	-	72,534	72,534
Total other assets	-	-	68,431	68,431	-	-	72,534	72,534
Total assets	\$ 12,629,414	\$ 479,471	\$ 71,665	\$ 13,180,550	\$ 14,014,803	\$ 475,841	\$ 75,768	\$ 14,566,412
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	\$ 160,244	\$ 549	\$ -	\$ 160,793	\$ 101,250	\$ 554	\$ -	\$ 101,804
Accrued expenses	37,337	36,304	-	73,641	22,905	26,561	-	49,466
Notes payable	-	31,667	-	31,667	-	31,667	-	31,667
Current portion of annuity obligations	-	-	3,946	3,946	-	-	4,103	4,103
Total current liabilities	197,581	68,520	3,946	270,047	124,155	58,782	4,103	187,040
Long-term liabilities:								
Annuity obligations	-	-	64,485	64,485	-	-	68,431	68,431
Total liabilities	197,581	68,520	68,431	334,532	124,155	58,782	72,534	255,471
Net assets:								
Without donor restrictions	6,602,537	410,951	3,234	7,016,722	5,963,485	417,059	3,234	6,383,778
With donor restrictions	5,829,296	-	-	5,829,296	7,927,163	-	-	7,927,163
Total net assets	12,431,833	410,951	3,234	12,846,018	13,890,648	417,059	3,234	14,310,941
Total liabilities and net assets	\$ 12,629,414	\$ 479,471	\$ 71,665	\$ 13,180,550	\$ 14,014,803	\$ 475,841	\$ 75,768	\$ 14,566,412

See notes to financial statements.

World Missionary Press, Inc.
Statements of Activities by Fund
Years Ended September 30, 2022 and 2021

	2022				2021			
	General	Stewardship	Annuity	Total All Funds	General	Stewardship	Annuity	Total All Funds
Changes in Net Assets without Donor Restrictions								
Revenues:								
Contributions without donor restrictions	\$ 4,504,559	\$ 161	\$ -	\$ 4,504,720	\$ 3,397,790	\$ -	\$ -	\$ 3,397,790
Rental income	-	63,763	-	63,763	-	66,146	-	66,146
Gain on disposal of assets, net	172	-	-	172	298	-	-	298
Miscellaneous income	68,751	-	-	68,751	34,701	-	-	34,701
Total revenues without donor restrictions	4,573,482	63,924	-	4,637,406	3,432,789	66,146	-	3,498,935
Net assets released from restrictions:								
Satisfaction of purpose restrictions	3,225,921	-	-	3,225,921	2,548,802	-	-	2,548,802
Satisfaction of capital acquisition restrictions	784,416	-	-	784,416	99,576	-	-	99,576
Total net assets released from restrictions	4,010,337	-	-	4,010,337	2,648,378	-	-	2,648,378
Total revenues and other support without donor restrictions	8,583,819	63,924	-	8,647,743	6,081,167	66,146	-	6,147,313
Expenses:								
Program services:								
Production	3,655,990	-	-	3,655,990	3,072,722	-	-	3,072,722
Shipping	1,583,412	-	-	1,583,412	1,421,929	-	-	1,421,929
Total program services	5,239,402	-	-	5,239,402	4,494,651	-	-	4,494,651
Supporting activities:								
Development	441,707	-	-	441,707	364,695	-	-	364,695
General and administrative	692,129	70,510	-	762,639	550,630	53,622	196	604,448
Total supporting activities	1,133,836	70,510	-	1,204,346	915,325	53,622	196	969,143
Total expenses	6,373,238	70,510	-	6,443,748	5,409,976	53,622	196	5,463,794
Other gain (loss):								
Investment income (loss)	(1,571,498)	238	-	(1,571,260)	1,539,500	245	-	1,539,745
Increase (decrease) in net assets without donor restrictions	639,083	(6,348)	-	632,735	2,210,691	12,769	(196)	2,223,264
Changes in Net Assets with Donor Restrictions								
Restricted contributions	1,912,439	240	-	1,912,679	2,070,946	240	-	2,071,186
Net assets released from restrictions	(4,010,337)	-	-	(4,010,337)	(2,648,378)	-	-	(2,648,378)
(Decrease) increase in net assets with donor restrictions	(2,097,898)	240	-	(2,097,658)	(577,432)	240	-	(577,192)
Change in net assets	(1,458,815)	(6,108)	-	(1,464,923)	1,633,259	13,009	(196)	1,646,072
Net assets, beginning	13,890,648	417,059	3,234	14,310,941	12,257,389	404,050	3,430	12,664,869
Net assets, ending	\$ 12,431,833	\$ 410,951	\$ 3,234	\$ 12,846,018	\$ 13,890,648	\$ 417,059	\$ 3,234	\$ 14,310,941

See notes to financial statements.

World Missionary Press, Inc.

**Statements of Cash Flows by Fund
Years Ended September 30, 2022 and 2021**

	2022				2021			
	General	Stewardship	Annuity	Total	General	Stewardship	Annuity	Total
Cash flows from operating activities:								
Change in net assets	\$ (1,458,815)	\$ (6,108)	\$ -	\$ (1,464,923)	\$ 1,633,259	\$ 13,009	\$ (196)	\$ 1,646,072
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation	151,817	20,001	-	171,818	150,149	20,390	-	170,539
Gain on disposal of assets	172	-	-	172	298	-	-	298
Change in present value of annuities	-	-	-	-	-	-	196	196
Contribution revenue restricted for long-term purposes	(382,527)	-	-	(382,527)	(759,701)	-	-	(759,701)
Realized and unrealized gain (loss) on investments	1,648,079	-	-	1,648,079	(1,477,932)	-	-	(1,477,932)
(Increase) decrease in:								
Accounts receivable	(12,156)	(1,963)	-	(14,119)	2,721	2,330	-	5,051
Contributions receivable	(145,000)	240	-	(144,760)	(5,000)	(240)	-	(5,240)
Inventories	(544,323)	-	-	(544,323)	53,814	-	-	53,814
Prepaid expenses	(24,549)	(333)	-	(24,882)	39,180	(52)	-	39,128
Increase (decrease) in:								
Accounts payable	58,994	(5)	-	58,989	(37,309)	(238)	-	(37,547)
Accrued expenses	14,432	9,743	-	24,175	(37,524)	(5,044)	-	(42,568)
Net cash provided by (used in) operating activities	(693,876)	21,575	-	(672,301)	(438,045)	30,155	-	(407,890)
Cash flows from investing activities:								
Acquisitions of property and equipment	(954,481)	(869)	-	(955,350)	(123,042)	(2,568)	-	(125,610)
Purchase of investments	-	-	-	-	(1,200,000)	-	-	(1,200,000)
Net cash used in investing activities	(954,481)	(869)	-	(955,350)	(1,323,042)	(2,568)	-	(1,325,610)
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	382,527	-	-	382,527	759,701	-	-	759,701
Net cash provided by financing activities	382,527	-	-	382,527	759,701	-	-	759,701
Increase (decrease) in cash and cash equivalents	(1,265,830)	20,706	-	(1,245,124)	(1,001,386)	27,587	-	(973,799)
Cash and cash equivalents, beginning	2,564,814	147,765	3,234	2,715,813	3,566,200	120,178	3,234	3,689,612
Cash and cash equivalents, ending	\$ 1,298,984	\$ 168,471	\$ 3,234	\$ 1,470,689	\$ 2,564,814	\$ 147,765	\$ 3,234	\$ 2,715,813
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, 2022 and 2021, 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 statements of financial position by fund.

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, 2022 and 2021.

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, 2022 and 2021.

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 by fund. 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, 2022 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 September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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 was applied on a retrospective basis and is effective for the Organization's September 30, 2022 financial statement. 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.

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.

Reclassification: Certain amounts included in the Organization's 2021 financial statements have been reclassified to conform to the 2022 presentation. These reclassifications had no impact on total net assets or changes in net assets.

Subsequent events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through November 9, 2022, 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:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 1,298,984	\$ 2,564,814
Accounts receivable	13,349	1,193
Contribution receivable	150,000	5,000
Investments	7,875,321	9,523,400
Total financial assets available within one year	<u>9,337,654</u>	<u>12,094,407</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted assets (Note 8)	5,829,296	7,927,163
Amount available for general expenditure within one year	<u>\$ 3,508,358</u>	<u>\$ 4,167,244</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:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 136,804	\$ 116,098
Accounts receivable	2,148	185
Contribution receivable	-	240
Total cash and cash equivalents	<u>\$ 138,952</u>	<u>\$ 116,523</u>

The Stewardship Funds restricts \$31,667 of cash on hand to pay for any life loans that are revocable until the end of the lender's life.

World Missionary Press Annuity Fund has cash and cash equivalents of \$3,234 available within one year to meet cash needs related to annuitant interest payments for both years ended September 30, 2022 and 2021. 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:

	2022	2021
Paper, ink, and printing supplies	<u>\$ 637,801</u>	<u>\$ 93,478</u>

During the year ended September 30, 2022, the Organization had periods of slower production as well as bulk purchases of inventory leading to the increase in the inventory balance as of September 30, 2022.

Note 4. Investments

Investments as of September 30 consisted of the following:

	2022	2021
International equity exchange traded funds	\$ 699,247	\$ 740,495
Bond exchange traded funds	1,040,094	1,240,425
Domestic equity exchange traded funds	1,899,226	2,665,248
International mutual funds	2,208,983	2,667,609
Domestic mutual funds	1,613,732	1,732,472
Bond mutual funds	414,009	477,121
Corporate bonds	30	30
Reinsured charitable gift annuities	68,431	72,534
	<u>\$ 7,943,752</u>	<u>\$ 9,595,934</u>

The Organization held investments in a domestic equity exchange traded fund that made up approximately 12% of total investments at September 30, 2022 and 2021. The Organization held investments in a bond mutual fund that made up approximately 18% and 17% of total investments at September 30, 2022 and 2021, 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 by fund.

Note 5. Fair Value Measurement

Mutual funds and equities: All mutual funds and equities are actively traded and are valued at fair value based on the closing price reported on the active market on which the individual securities are traded.

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:

	2022			
	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	\$ 699,247	\$ -	\$ -	\$ 699,247
Bond exchange traded funds	1,040,094	-	-	1,040,094
Domestic equity exchange traded funds	1,899,226	-	-	1,899,226
International mutual funds	2,208,983	-	-	2,208,983
Domestic mutual funds	1,613,732	-	-	1,613,732
Bond mutual funds	414,009	-	-	414,009
Corporate bonds	-	30	-	30
Reinsured charitable gift annuities	-	-	68,431	68,431
	<u>\$ 7,875,291</u>	<u>\$ 30</u>	<u>\$ 68,431</u>	<u>\$ 7,943,752</u>

	2021			
	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	\$ 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
Corporate bonds	-	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>

During the years ended September 30, 2022 and 2021, 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:

	2022				
	Balance September 30, 2021	Additions and (Disposals)	Balance September 30, 2022	Accumulated Depreciation	Net Book Value
General fund:					
Land and land improvements	\$ 136,432	\$ -	\$ 136,432	\$ -	\$ 136,432
Buildings	1,291,640	756,327	2,047,967	756,607	1,291,360
Construction in process	71,562	(71,562)	-	-	-
Machinery and equipment	1,940,858	243,700	2,184,558	1,230,095	954,463
Furniture, fixtures, and office equipment	289,575	12,597	302,172	246,240	55,932
	<u>\$ 3,730,067</u>	<u>\$ 941,062</u>	<u>\$ 4,671,129</u>	<u>\$ 2,232,942</u>	<u>\$ 2,438,187</u>
Stewardship fund:					
Land and land improvements	\$ 61,275	\$ -	\$ 61,275	\$ -	\$ 61,275
Buildings	850,474	869	851,343	606,426	244,917
Furniture and fixtures	700	-	700	700	-
	<u>\$ 912,449</u>	<u>\$ 869</u>	<u>\$ 913,318</u>	<u>\$ 607,126</u>	<u>\$ 306,192</u>
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>

The general fund depreciation expense recognized totaled \$151,817 and 150,419 for the years ended September 30, 2022 and 2021, respectively.

The stewardship fund depreciation expense recognized totaled \$20,001 and 20,390 for the years ended September 30, 2022 and 2021, respectively.

Note 7. Notes Payable

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

	2022	2021
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, 2022 and 2021, was \$833 in the Stewardship fund.

World Missionary Press, Inc.

Notes to Financial Statements

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at September 30:

	2022	2021
Specific booklets/shipments	\$ 5,558,822	\$ 7,257,945
Specific operations projects	270,474	669,218
	<u>\$ 5,829,296</u>	<u>\$ 7,927,163</u>

During the years ended September 30, 2022 and 2021, net assets with donor restrictions were released from donor restrictions in the amount of \$4,010,337 and \$2,648,378, respectively. These releases were used for capital acquisitions and production of booklets and related shipments.

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 by fund. 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:

Expense	Method of Allocation
Paper, printing and related costs	Labor distribution and production output
Postage, shipping and related costs	Labor distribution and production output
Payroll and employee benefits	Labor distribution
Occupancy and equipment	Square footage and labor distribution
Professional and non-employee fees	Directly charged
Other administrative costs	Directly charged
Depreciation	Directly charged
Interest	Directly charged
Insurance	Directly charged
Rental costs	Directly charged
Annuity expense	Directly charged

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 at September 30, 2022:

	Year Ended September 30, 2022								
	General Fund			Stewardship Fund		Annuity Fund			
	Program Services			Supporting Services					
	Production	Shipping	Total	Development	General and Administrative	General and Administrative	General and Administrative	Total	Total
Paper, printing and related costs	\$ 2,371,762	\$ -	\$ 2,371,762	\$ 45,638	\$ 8,800	\$ -	\$ -	\$ 54,438	\$ 2,426,200
Postage, shipping and related costs	-	1,162,105	1,162,105	41,536	14,071	-	-	55,607	1,217,712
Payroll and employee benefits	1,021,225	355,684	1,376,909	246,187	474,137	-	-	720,324	2,097,233
Occupancy and equipment	165,020	37,927	202,947	9,577	25,111	-	-	34,688	237,635
Professional and non-employee fees	-	-	-	2,185	86,241	-	-	88,426	88,426
Other administrative costs	-	-	-	89,620	64,595	-	-	154,215	154,215
Depreciation	97,983	27,696	125,679	6,964	19,174	20,001	-	46,139	171,818
Interest	-	-	-	-	-	833	-	833	833
Insurance	-	-	-	-	-	8,307	-	8,307	8,307
Rental costs	-	-	-	-	-	41,369	-	41,369	41,369
Total	\$ 3,655,990	\$ 1,583,412	\$ 5,239,402	\$ 441,707	\$ 692,129	\$ 70,510	\$ -	\$ 1,204,346	\$ 6,443,748

World Missionary Press, Inc.

Notes to Financial Statements

Note 10. Functional Expenses (Continued)

Expenses by functional and natural classification consist of the following at September 30, 2021:

	Year Ended September 30, 2021									
	General Fund			Stewardship Fund	Annuity Fund					
	Program Services			Supporting Services						
	Production	Shipping	Total	Development	General and Administrative	General and Administrative	General and Administrative	Total	Total	
Paper, printing and related costs	\$ 1,898,204	\$ -	\$ 1,898,204	\$ 35,482	\$ 6,873	\$ -	\$ -	\$ 42,355	\$ 1,940,559	
Postage, shipping and related costs	-	1,070,389	1,070,389	37,221	13,834	-	-	51,055	1,121,444	
Payroll and employee benefits	923,090	291,252	1,214,342	198,344	373,967	-	-	572,311	1,786,653	
Occupancy and equipment	157,523	33,344	190,867	8,699	21,143	-	-	29,842	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	120,849	8,786	20,514	20,390	-	49,690	170,539	
Interest	-	-	-	-	-	833	-	833	833	
Insurance	-	-	-	-	-	7,258	-	7,258	7,258	
Rental costs	-	-	-	-	-	25,141	-	25,141	25,141	
Annuity expense	-	-	-	-	-	-	196	196	196	
Total	\$ 3,072,722	\$ 1,421,929	\$ 4,494,651	\$ 364,695	\$ 550,630	\$ 53,622	\$ 196	\$ 969,143	\$ 5,463,794	