

# **World Missionary Press, Inc.**

ANNUAL REPORT  
September 30, 2023



South Bend, Indiana

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# WORLD MISSIONARY PRESS

New Paris, Indiana

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ANNUAL REPORT

September 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

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

### **Opinion**

We have audited the accompanying financial statements of World Missionary Press, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Missionary Press, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 World Missionary Press, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The financial statements of World Missionary Press, Inc. as of September 30, 2022 were audited by other auditors whose report was dated November 9, 2022 expressed an unmodified opinion on those statements.

### **Responsibilities of Management 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, 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 World Missionary Press, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

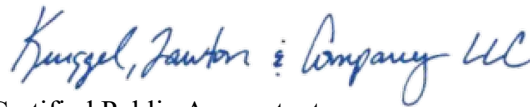
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of World Missionary Press, Inc.'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 World Missionary Press, Inc.'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.

Respectfully submitted,



Certified Public Accountants

South Bend, Indiana  
November 13, 2023

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**WORLD MISSIONARY PRESS**New Paris, Indiana

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**STATEMENT OF FINANCIAL POSITION**

September 30, 2023

**ASSETS**

	<u>General</u>	<u>Stewardship</u>	<u>Annuity</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	359,740	192,761	3,234	555,735
Accounts receivable	7,305	172	0	7,477
Contributions receivable	167,117	0	0	167,117
Short-term investments	8,820,901	0	0	8,820,901
Inventories	608,018	0	0	608,018
Prepaid expenses	97,117	2,843	0	99,960
<b>Total Current Assets</b>	<b>10,060,198</b>	<b>195,776</b>	<b>3,234</b>	<b>10,259,208</b>
<b>PROPERTY AND EQUIPMENT</b>				
Land	136,432	61,275	0	197,707
Buildings and building improvements	2,092,272	852,749	0	2,945,021
Machinery and equipment	2,508,262	0	0	2,508,262
Furniture, fixtures, and office equipment	293,447	2,196	0	295,643
<b>Total</b>	<b>5,030,413</b>	<b>916,220</b>	<b>0</b>	<b>5,946,633</b>
Accumulated Depreciation	2,392,915	623,564	0	3,016,479
<b>Net Property and Equipment</b>	<b>2,637,498</b>	<b>292,656</b>	<b>0</b>	<b>2,930,154</b>
<b>OTHER ASSETS</b>				
Investment in annuities	0	0	41,458	41,458
<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>41,458</b>	<b>41,458</b>
<b>TOTAL ASSETS</b>	<b>12,697,696</b>	<b>488,432</b>	<b>44,692</b>	<b>13,230,820</b>

**LIABILITIES AND NET ASSETS**

	<u>General</u>	<u>Stewardship</u>	<u>Annuity</u>	<u>Total</u>
<b>CURRENT LIABILITIES</b>				
Current portion of notes payable	0	31,667	0	31,667
Accounts payable	96,271	350	0	96,621
Accrued expenses	35,297	33,246	0	68,543
Current portion of annuity obligations	0	0	2,477	2,477
<b>Total Current Liabilities</b>	<b>131,568</b>	<b>65,263</b>	<b>2,477</b>	<b>199,308</b>
<b>LONG-TERM LIABILITIES</b>				
Annuity obligations	0	0	38,981	38,981
<b>TOTAL LIABILITIES</b>	<b>131,568</b>	<b>65,263</b>	<b>41,458</b>	<b>238,289</b>
<b>NET ASSETS</b>				
Without donor restrictions	9,000,495	423,169	3,234	9,426,898
With donor restrictions	3,565,633	0	0	3,565,633
<b>TOTAL NET ASSETS</b>	<b>12,566,128</b>	<b>423,169</b>	<b>3,234</b>	<b>12,992,531</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>12,697,696</b>	<b>488,432</b>	<b>44,692</b>	<b>13,230,820</b>

*The Notes to Financial Statements are an integral part of this statement.*

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**WORLD MISSIONARY PRESS**New Paris, Indiana

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**STATEMENT OF FINANCIAL POSITION**

September 30, 2022

**ASSETS**

	<u>General</u>	<u>Stewardship</u>	<u>Annuity</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	1,298,984	168,471	3,234	1,470,689
Accounts receivable	13,349	2,148	0	15,497
Contributions receivable	150,000	0	0	150,000
Short-term investments	7,875,321	0	0	7,875,321
Inventories	637,801	0	0	637,801
Prepaid expenses	215,772	2,660	0	218,432
<b>Total Current Assets</b>	<b>10,191,227</b>	<b>173,279</b>	<b>3,234</b>	<b>10,367,740</b>
<b>PROPERTY AND EQUIPMENT</b>				
Land	136,432	61,275	0	197,707
Buildings and building improvements	2,047,967	851,343	0	2,899,310
Machinery and equipment	2,184,558	0	0	2,184,558
Furniture, fixtures, and office equipment	302,172	700	0	302,872
<b>Total</b>	<b>4,671,129</b>	<b>913,318</b>	<b>0</b>	<b>5,584,447</b>
Accumulated Depreciation	(2,232,942)	(607,126)	0	2,840,068
<b>Net Property and Equipment</b>	<b>2,438,187</b>	<b>306,192</b>	<b>0</b>	<b>2,744,379</b>
<b>OTHER ASSETS</b>				
Investment in annuities	0	0	68,431	68,431
<b>Total Other Assets</b>	<b>0</b>	<b>0</b>	<b>68,431</b>	<b>68,431</b>
<b>TOTAL ASSETS</b>	<b>12,629,414</b>	<b>479,471</b>	<b>71,665</b>	<b>13,180,550</b>

**LIABILITIES AND NET ASSETS**

	<u>General</u>	<u>Stewardship</u>	<u>Annuity</u>	<u>Total</u>
<b>CURRENT LIABILITIES</b>				
Current portion of notes payable	0	31,667	0	31,667
Accounts payable	160,244	549	0	160,793
Accrued expenses	37,337	36,304	0	73,641
Current portion of annuity obligations	0	0	3,946	3,946
<b>Total Current Liabilities</b>	<b>197,581</b>	<b>68,520</b>	<b>3,946</b>	<b>270,047</b>
<b>LONG-TERM LIABILITIES</b>				
Annuity obligations	0	0	64,485	64,485
<b>TOTAL LIABILITIES</b>	<b>197,581</b>	<b>68,520</b>	<b>68,431</b>	<b>334,532</b>
<b>NET ASSETS</b>				
Without donor restrictions	6,602,537	410,951	3,234	7,016,722
With donor restrictions	5,829,296	0	0	5,829,296
<b>TOTAL NET ASSETS</b>	<b>12,431,833</b>	<b>410,951</b>	<b>3,234</b>	<b>12,846,018</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>12,629,414</b>	<b>479,471</b>	<b>71,665</b>	<b>13,180,550</b>

*The Notes to Financial Statements are an integral part of this statement.*

# WORLD MISSIONARY PRESS

New Paris, Indiana

## STATEMENT OF ACTIVITIES For the Year Ended September 30, 2023

	General	Stewardship	Annuity	Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Revenues:				
Contributions without donor restrictions	5,157,349	1,716	0	5,159,065
Rental income	0	72,083	0	72,083
Loss on disposal of assets	(865)	0	0	(865)
Miscellaneous income	59,821	0	0	59,821
Total revenues without donor restrictions	5,216,305	73,799	0	5,290,104
Net assets released from restrictions:				
Satisfaction of purpose restrictions	3,387,032	0	0	3,387,032
Satisfaction of capital acquisition restrictions	348,692	0	0	348,692
Total net assets released from restrictions	3,735,724	0	0	3,735,724
Total revenues and other support without donor restrictions	8,952,029	73,799	0	9,025,828
Expenses:				
Program services:				
Production	4,321,917	0	0	4,321,917
Shipping	1,776,187	0	0	1,776,187
Total program services	6,098,104	0	0	6,098,104
Supporting activities:				
Development	641,122	0	0	641,122
General and administrative	787,722	62,590	0	850,312
Total supporting activities	1,428,844	62,590	0	1,491,434
Total expenses	7,526,948	62,590	0	7,589,538
Other gain (loss)				
Investment income	972,877	1,009	0	973,886
Increase in net assets without donor restrictions	2,397,958	12,218	0	2,410,176
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>				
Restricted contributions	1,472,062	0	0	1,472,062
Net assets released from restrictions	(3,735,725)	0	0	(3,735,725)
Decrease in net assets with donor restrictions	(2,263,663)	0	0	(2,263,663)
Total change in net assets	134,295	12,218	0	146,513
<b>NET ASSETS, BEGINNING OF YEAR</b>				
Net assets without donor restrictions	6,602,537	410,951	3,234	7,016,722
Net assets with donor restrictions	5,829,296	0	0	5,829,296
Total net assets, beginning of year	12,431,833	410,951	3,234	12,846,018
<b>NET ASSETS, END OF YEAR</b>				
Net assets without donor restrictions	9,000,495	423,169	3,234	9,426,898
Net assets with donor restrictions	3,565,633	0	0	3,565,633
Total net assets, end of year	12,566,128	423,169	3,234	12,992,531

The Notes to Financial Statements are an integral part of this statement.

# WORLD MISSIONARY PRESS

New Paris, Indiana

## STATEMENT OF ACTIVITIES For the Year Ended September 30, 2022

	General	Stewardship	Annuity	Total
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Revenues:				
Contributions without donor restrictions	4,504,559	161	0	4,504,720
Rental income	0	63,763	0	63,763
Gain on disposal of assets, net	172	0	0	172
Miscellaneous income	68,751	0	0	68,751
Total revenues without donor restrictions	4,573,482	63,924	0	4,637,406
Net assets released from restrictions:				
Satisfaction of purpose restrictions	3,225,921	0	0	3,225,921
Satisfaction of capital acquisition restrictions	784,416	0	0	784,416
Total net assets released from restrictions	4,010,337	0	0	4,010,337
Total revenues and other support without donor restrictions	8,583,819	63,924	0	8,647,743
Expenses:				
Program services:				
Production	3,655,990	0	0	3,655,990
Shipping	1,583,412	0	0	1,583,412
Total program services	5,239,402	0	0	5,239,402
Supporting activities:				
Development	441,707	0	0	441,707
General and administrative	692,129	70,510	0	762,639
Total supporting activities	1,133,836	70,510	0	1,204,346
Total expenses	6,373,238	70,510	0	6,443,748
Other gain (loss):				
Investment income (loss)	(1,571,498)	238	0	(1,571,260)
Change in net assets without donor restrictions	639,083	(6,348)	0	632,735
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>				
Restricted contributions	1,912,439	240	0	1,912,679
Net assets released from restrictions	(4,010,337)	0	0	(4,010,337)
Change in net assets with donor restrictions	(2,097,898)	240	0	(2,097,658)
Total change in net assets	(1,458,815)	(6,108)	0	(1,464,923)
<b>NET ASSETS, BEGINNING OF YEAR</b>				
Net assets without donor restrictions	5,963,485	417,059	3,234	6,383,778
Net assets with donor restrictions	7,927,163	0	0	7,927,163
Total net assets, beginning of year	13,890,648	417,059	3,234	14,310,941
<b>NET ASSETS, END OF YEAR</b>				
Net assets without donor restrictions	6,602,537	410,951	3,234	7,016,722
Net assets with donor restrictions	5,829,296	0	0	5,829,296
Total net assets, end of year	12,431,833	410,951	3,234	12,846,018

The Notes to Financial Statements are an integral part of this statement.



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# WORLD MISSIONARY PRESS

New Paris, Indiana

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## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2023

	<u>Program Services</u>		<u>Total Program</u>	<u>Supporting Services</u>		<u>Total Support</u>	<u>Total</u>
	<u>Production</u>	<u>Shipping</u>		<u>Development</u>	<u>General and Administrative</u>		
Expenses							
Paper, printing and related costs	2,856,862	2	2,856,864	65,275	11,288	76,563	2,933,427
Postage, shipping, and related costs	0	1,276,669	1,276,669	63,927	11,724	75,651	1,352,320
Payroll and employee benefits	1,168,746	408,891	1,577,637	356,813	540,749	897,562	2,475,199
Occupancy and equipment	175,944	47,469	223,413	10,355	33,900	44,255	267,668
Professional and non-employee fees	0	0	0	1,900	33,453	35,353	35,353
Other administrative costs	(1)	27	26	135,509	139,255	274,764	274,790
Depreciation	120,366	43,129	163,495	7,343	37,419	44,762	208,257
Interest expense	0	0	0	0	833	833	833
Insurance	0	0	0	0	9,189	9,189	9,189
Rental costs	0	0	0	0	32,502	32,502	32,502
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>4,321,917</b>	<b>1,776,187</b>	<b>6,098,104</b>	<b>641,122</b>	<b>850,312</b>	<b>1,491,434</b>	<b>7,589,538</b>

*The Notes to Financial Statements are an integral part of this statement.*

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# WORLD MISSIONARY PRESS

New Paris, Indiana

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## STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2022

	<u>Program Services</u>		<u>Total Program</u>	<u>Supporting Services</u>		<u>Total Support</u>	<u>Total</u>
	<u>Production</u>	<u>Shipping</u>		<u>Development</u>	<u>General and Administrative</u>		
Expenses							
Paper, printing and related costs	2,371,762	0	2,371,762	45,638	8,800	54,438	2,426,200
Postage, shipping, and related costs	0	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	0	0	0	2,185	86,241	88,426	88,426
Other administrative costs	0	0	0	89,620	64,595	154,215	154,215
Depreciation	97,983	27,696	125,679	6,964	39,175	46,139	171,818
Interest expense	0	0	0	0	833	833	833
Insurance	0	0	0	0	8,307	8,307	8,307
Rental costs	0	0	0	0	41,369	41,369	41,369
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>3,655,990</b>	<b>1,583,412</b>	<b>5,239,402</b>	<b>441,707</b>	<b>762,639</b>	<b>1,204,346</b>	<b>6,443,748</b>

*The Notes to Financial Statements are an integral part of this statement.*

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**WORLD MISSIONARY PRESS**New Paris, Indiana

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**STATEMENT OF CASH FLOWS**  
For the Year Ended September 30, 2023

	<u>General</u>	<u>Stewardship</u>	<u>Annuity</u>	<u>Total</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>				
Change in net assets	134,295	12,218	0	146,513
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation	188,191	20,066	0	208,257
Loss on disposal of assets	865	0	0	865
Realized and unrealized gains on investments	(702,601)	0	0	(702,601)
Contribution revenue restricted for long-term purposes	(86,692)	0	0	(86,692)
Adjustments for changes in operating assets and liabilities:				
Accounts receivable	6,044	1,976	0	8,020
Contributions receivable	(17,117)	0	0	(17,117)
Inventories	29,783	0	0	29,783
Prepaid expenses	118,655	(183)	0	118,472
Accounts payable	(63,973)	(199)	0	(64,172)
Accrued expenses	(2,040)	(3,058)	0	(5,098)
Net Cash Flows from (used in) Operating Activities	(394,590)	30,820	0	(363,770)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(388,367)	(6,530)	0	(394,897)
Purchase of short-term investments	(242,979)	0	0	(242,979)
Net Cash Flows used in Investing Activities	(631,346)	(6,530)	0	(637,876)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Reinsured annuity payments received	0	0	14,067	14,067
Annuity payments	0	0	(14,067)	(14,067)
Collections of contributions restricted for long-term purposes	86,692	0	0	86,692
Net Cash Flows from Financing Activities	86,692	0	0	86,692
<b>CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>				
	(939,244)	24,290	0	(914,954)
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR</b>				
	1,298,984	168,471	3,234	1,470,689
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH END OF YEAR</b>				
	359,740	192,761	3,234	555,735

## SUPPLEMENTARY DISCLOSURE OF CASH FLOWS:

Interest paid

833

*The Notes to Financial Statements are an integral part of this statement.*

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**WORLD MISSIONARY PRESS**New Paris, Indiana

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**STATEMENT OF CASH FLOWS**  
For the Year Ended September 30, 2022

	<u>General</u>	<u>Stewardship</u>	<u>Annuity</u>	<u>Total</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>				
Change in net assets	(1,458,815)	(6,108)	0	(1,464,923)
Adjustments to reconcile change in net assets to net cash from operating activities:				
Depreciation	151,817	20,001	0	171,818
Gain on disposal of assets	172	0	0	172
Realized and unrealized losses on investments	1,648,079	0	0	1,648,079
Contribution revenue restricted for long-term purposes	(382,527)	0	0	(382,527)
Adjustments for changes in operating assets and liabilities				
Accounts receivable	(12,156)	(1,963)	0	(14,119)
Contributions receivable	(145,000)	240	0	(144,760)
Inventories	(544,323)	0	0	(544,323)
Prepaid expenses	(24,549)	(333)	0	(24,882)
Accounts payable	58,994	(5)	0	58,989
Accrued expenses	14,432	9,743	0	24,175
Net Cash Flows from (used in) Operating Activities	(693,876)	21,575	0	(672,301)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property and equipment	(954,481)	(869)	0	(955,350)
Net Cash Flows used in Investing Activities	(954,481)	(869)	0	(955,350)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Reinsured annuity payments received	0	0	18,037	18,037
Annuity payments	0	0	(18,037)	(18,037)
Collections of contributions restricted for long-term purposes	382,527	0	0	382,527
Net Cash Flows from Financing Activities	382,527	0	0	0
<b>CHANGE IN CASH , CASH EQUIVALENTS, AND RESTRICTED CASH</b>				
	(1,265,830)	20,706	0	(1,245,124)
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR</b>				
	2,564,814	147,765	3,234	2,715,813
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR</b>				
	1,298,984	168,471	3,234	1,470,689

## SUPPLEMENTARY DISCLOSURE OF CASH FLOWS:

Interest paid

833

*The Notes to Financial Statements are an integral part of this statement.*

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# WORLD MISSIONARY PRESS

New Paris, Indiana

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

### NATURE OF BUSINESS

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.

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 represents 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 the Organization's workers.

The Annuity Fund includes gift annuity agreements whereby the Organization accepted a principal sum from an individual and, in return, pays the individual a fixed sum for life, or for two lives in the case of joint gift annuities, at rates consistent with Revenue Rule 72-438 of the Internal Revenue Service (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 PRESENTATION

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting.

The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

### FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

### USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the limits by the FDIC. It is common throughout the course of operations for the Organization's cash balance to exceed the insured limit.

### CONTRIBUTIONS RECEIVABLE

Contributions receivable represent amounts received in the first week subsequent to year-end attributable to the calendar year results, pursuant to the Organization's year-end giving cut-off policy. 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 the 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, 2023 or 2022.

### PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. 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. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Organization did not receive any donated or donor-restricted assets during the years ended September 30, 2023 or 2022.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gain or loss arising from the disposition is reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method.

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

Depreciation expense was \$208,257 and \$171,818 for the years ended September 30, 2023 and 2022, respectively.

A summary of the range of lives by asset category follows:

Buildings and building improvements	10 - 40 years
Machinery and equipment	5 - 20 years
Furniture, fixtures and office equipment	3 - 10 years

### 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.

### CONTRIBUTIONS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

### INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The IRS has determined that the Organization is not a private foundation within the meaning of Section 509(a).

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2019 through 2021 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated between program and supporting activities benefited based upon personnel time and space utilized for the related activities.

Expenses that are allocated include the following:

Expense	Method of Allocation
Paper, printing and related costs; postage shipping and related costs	Labor distribution and production output
Payroll and employee benefits	Labor distribution
Occupancy and equipment	Square footage and labor distribution

Other expenses are assigned to the respective functional category by method of direct assignment.

### CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of October 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. No cumulative effect adjustment to net assets as of October 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended September 30, 2023.

As part of the transition, the Organization elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases
- Election not to reassess the lease classification for any expired or existing leases
- Election not to reassess initial direct costs on any existing leases



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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

Other practical expedients:

- Election whereby the lease and nonlease components will not be separated for leases.
- Election not to record right of use ("ROU") assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month and leases of low-value assets. Leases of 1 month or less are not included in short-term lease costs. On such leases, lease payments are recognized as an expense on a straight-line basis over the lease term.

### CONTRIBUTED NON-FINANCIAL ASSETS

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) - Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires an entity to present in-kind revenue as a separate line item on the statement of activities separate from contributions of cash and other financial assets. An entity is required to disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. For each category of gift in-kind, the entity must disclose qualitative information about whether the gift in-kind was monetized or consumed during the reporting period. If consumed, an entity must also disclose the program or other activities in which the gifts in-kind were used. Entities must also disclose the policy regarding monetizing or using gifts in-kind, any donor imposed restrictions associated with the gifts in-kind, a description of the valuation technique and inputs used to arrive at the fair value measurement, and the principal or most advantageous market used to arrive at the fair value measurement if it is a market in which the entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial asset. These disclosures are also required for contributed services. The Organization did not receive any material contributed nonfinancial assets for the years ended September 30, 2023 or 2022.

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.

### NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization has working capital of \$10,059,900 and \$10,097,693 and average days cash on hand of as of 25 and 83 as of September 30, 2023 and 2022, respectively.

The table below represents financial assets available for general expenditures in the General fund within one year at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	359,740	1,298,984
Accounts receivable	7,305	13,349
Contributions receivable	167,117	150,000
Investments	8,820,901	7,875,321
Less assets limited to use:		
Donor restricted	(3,565,633)	(5,829,296)
<b>Total financial assets available for general expenditures within one year:</b>	<b>5,789,430</b>	<b>3,508,358</b>

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

The table below represents financial assets available in the Stewardship fund within one year at September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	161,094	136,804
Accounts receivable	172	2,148
<b>Total financial assets available for general expenditures within one year:</b>	<b>161,266</b>	<b>138,952</b>

The Stewardship fund restricts \$31,667 of cash on hand to pay for any life loans that are revocable until the end of the lender's life for both years ended September 30, 2023 and 2022.

World Missionary Press 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, 2023 and 2022. Gift annuities are insured on an "installment refund" basis and payments from insurance companies cover annuity interest payments to annuitants.

### NOTE 3 - INVENTORIES

Inventories are composed of the following at September 30:

	<u>2023</u>	<u>2022</u>
Paper, Ink, and printing supplies	608,018	637,801

### NOTE 4 - FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820 are described below:

#### Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

The following tables present the financial instruments carried at fair value on a recurring basis as of September 30, 2023 and 2022, by valuation hierarchy, all of which were based on the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets.

For 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.

Assets measured at fair value on a recurring basis, as of September 30, 2023 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
International equity exchange traded funds	897,039	0	0	897,039
Bond exchange traded funds	1,103,093	0	0	1,103,093
Domestic equity exchange traded funds	1,904,581	0	0	1,904,581
International mutual funds	1,174,969	0	0	1,174,969
Domestic mutual funds	1,995,872	0	0	1,995,872
Bond mutual funds	1,745,317	0	0	1,745,317
Corporate bonds	0	30	0	30
Reinsured charitable gift annuities	0	0	41,458	41,458
<b>Total</b>	<b>8,820,871</b>	<b>30</b>	<b>41,458</b>	<b>8,862,359</b>

Assets measured at fair value on a recurring basis, as of September 30, 2022 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
International equity exchange trade fund\\	699,247	0	0	699,247
Bond exchange traded funds	1,040,094	0	0	1,040,094
Domestic equity exchange traded funds	1,899,226	0	0	1,899,226
International mutual funds	785,483	0	0	785,483
Domestic mutual funds	1,613,732	0	0	1,613,732
Bond mutual funds	1,837,509	0	0	1,837,509
Corporate bonds	0	30	0	30
Reinsured charitable gift annuities	0	0	68,431	68,431
<b>Total</b>	<b>7,875,291</b>	<b>30</b>	<b>68,431</b>	<b>7,943,752</b>

During the years ended September 30, 2023 and 2022, there were no transfers in or out of Level 3.

The Organization held investments in an international equity exchange traded fund that made up approximately 10% and 9% of total investments at September 30, 2023 and 2022, respectively. The Organization held investments in a domestic equity exchange traded fund that made up approximately 9% and 12% of total investments at September 30, 2023 and 2022, respectively. The Organization held investments in a bond mutual fund that made up approximately 15% and 18% of total investments at September 30, 2023 and 2022, respectively.

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.

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## NOTES TO FINANCIAL STATEMENTS

September 30, 2023 and 2022

### NOTE 5 - NOTES PAYABLE

Unsecured notes payable to individuals consists of the following at September 30:

	<u>2023</u>	<u>2022</u>
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
<b>Total</b>	<b>31,667</b>	<b>31,667</b>

Interest expense for both of the years ended September 30, 2023 and 2022 was \$833 in the Stewardship fund.

### NOTE 6 - NET ASSETS WITH DONOR RESTRICTION

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Specific booklets/shipments	3,553,903	5,558,822
Specific operations projects	11,730	270,474
<b>Total</b>	<b>3,565,633</b>	<b>5,829,296</b>

During the years ended September 30, 2023 and 2022, net assets with donor restrictions were released from donor restrictions in the amount of \$3,735,725 and \$4,010,337, respectively. These releases were used for capital acquisitions and production of booklets and related shipments.

### NOTE 7 - LEASES

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.

### NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 13, 2023, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.