

# WORLD MISSION, INC.

(d/b/a World Mission)

## FINANCIAL STATEMENTS

For the years ended  
June 30, 2022 and 2021

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**INDEPENDENT AUDITOR'S REPORT**

November 1, 2022

To the Board of Directors  
World Mission, Inc. d/b/a World Mission  
Grand Rapids, Michigan

**Opinion**

We have audited the accompanying financial statements of World Mission, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Mission, Inc. as of June 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. 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 Mission, 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 opinion.

**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 Mission, 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 Mission, 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 Mission, 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.



Certified Public Accountants  
Grand Rapids, Michigan

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## FINANCIAL STATEMENTS

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## STATEMENTS OF FINANCIAL POSITION

WORLD MISSION, INC.  
June 30, 2022 and 2021

### ASSETS

	<u>2022</u>	<u>2021</u>
<b>Current Assets</b>		
Cash	\$ 2,848,097	\$ 1,417,991
Accounts receivable	20,725	130,485
Contributions receivable	361,088	117,266
Inventory	219,576	195,976
Prepaid expense	157,722	10,163
<b>Total Current Assets</b>	3,607,208	1,871,881
<b>Property and Equipment, net</b>	1,265,807	2,006,686
<b>Other Assets</b>		
Contribution receivables, long term, net	461,672	-
Goodwill, net	176,256	352,513
<b>Total Other Assets</b>	637,928	352,513
<b>Total Assets</b>	<u><u>\$ 5,510,943</u></u>	<u><u>\$ 4,231,080</u></u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Accounts payable	\$ 216,051	\$ 37,079
Accrued liabilities		
Accrued sales tax	1,053	3,151
Accrued interest	-	584
Accrued payroll and related taxes	18,029	37,057
Unearned revenue	500	500
Current portion of long-term debt	18,267	896,785
<b>Total Current Liabilities</b>	253,900	975,156
Long-term debt, less current portion	306,021	-
<b>Total Liabilities</b>	559,921	975,156
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	4,327,446	2,792,266
Board restricted for mission projects and trips	544,952	220,803
With donor restrictions	78,624	242,855
<b>Total Net Assets</b>	4,951,022	3,255,924
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 5,510,943</u></u>	<u><u>\$ 4,231,080</u></u>

## STATEMENTS OF ACTIVITIES

**WORLD MISSION, INC.**  
For the year ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions	\$ 1,368,096	\$ 1,793,050	\$ 3,161,146
Inkind contributions	753,288	-	753,288
Retail store sales	629,110	-	629,110
Special events, net of \$33,340 expenses	136,373	-	136,373
Royalty income	6,000	-	6,000
The Treasure sales	486,588	-	486,588
Rental income	219,750	-	219,750
Gain on sale of fixed assets	549,392	-	549,392
Interest income	416	-	416
Miscellaneous income	10,828	-	10,828
Net assets released from restrictions	1,957,281	(1,957,281)	-
<b>Total Public Support and Revenues</b>	<b>6,117,122</b>	<b>(164,231)</b>	<b>5,952,891</b>
<b>Expenses</b>			
Retail store expenses	648,173	-	648,173
The Treasure expenses	407,763	-	407,763
Project activities expenses	2,612,204	-	2,612,204
Management and general expenses	263,631	-	263,631
Fund raising expenses	326,023	-	326,023
<b>Total Expenses</b>	<b>4,257,793</b>	<b>-</b>	<b>4,257,793</b>
<b>Change in Net Assets</b>	<b>1,859,329</b>	<b>(164,231)</b>	<b>1,695,098</b>
<b>Net Assets - beginning of year</b>	<b>3,013,069</b>	<b>242,855</b>	<b>3,255,924</b>
<b>Net Assets - end of year</b>	<b>\$ 4,872,398</b>	<b>\$ 78,624</b>	<b>\$ 4,951,022</b>



## STATEMENTS OF ACTIVITIES

**WORLD MISSION, INC.**  
For the year ended June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public Support and Revenues</b>			
Contributions	\$ 727,259	\$ 1,126,846	\$ 1,854,105
In-kind contributions	710,846	-	710,846
Retail store sales	716,504	-	716,504
Special events, net of \$22,110 expenses	47,128	-	47,128
Royalty income	5,500	-	5,500
The Treasure sales	377,252	-	377,252
Rental income	219,950	-	219,950
Loss on sale of fixed assets	(93,433)	-	(93,433)
Interest income	6	-	6
Miscellaneous income	19,533	-	19,533
Net assets released from restrictions	1,208,612	(1,208,612)	-
<b>Total Public Support and Revenues</b>	<b>3,939,157</b>	<b>(81,766)</b>	<b>3,857,391</b>
<b>Expenses</b>			
Retail store expenses	741,960	-	741,960
The Treasure expenses	292,939	-	292,939
Project activities expenses	1,823,958	-	1,823,958
Management and general expenses	185,440	-	185,440
Fund raising expenses	275,296	-	275,296
<b>Total Expenses</b>	<b>3,319,593</b>	<b>-</b>	<b>3,319,593</b>
<b>Change in Net Assets</b>	<b>619,564</b>	<b>(81,766)</b>	<b>537,798</b>
<b>Net Assets - beginning of year</b>	<b>2,393,505</b>	<b>324,621</b>	<b>2,718,126</b>
<b>Net Assets - end of year</b>	<b>\$ 3,013,069</b>	<b>\$ 242,855</b>	<b>\$ 3,255,924</b>

## STATEMENTS OF FUNCTIONAL EXPENSES

**WORLD MISSION, INC.**  
For the year ended June 30, 2022

	Program Services			Supporting Services		Total
	Retail Sales	The Treasure Sales	Project Activities	Management and General	Fundraising	
Purchases and supplies	\$ 54,667	\$ 407,731	\$ 58,861	\$ -	\$ -	\$ 521,259
Wages, payroll taxes and employee benefits	382,019	-	333,502	109,308	209,000	1,033,829
Telephone	2,355	-	3,446	-	3,446	9,247
Repair and maintenance	9,471	-	14,918	-	-	24,389
Utilities	54,826	-	5,106	5,106	-	65,038
Insurance	26,860	-	-	10,000	-	36,860
Truck and vehicle expense	16,951	-	5,414	-	5,414	27,779
Depreciation	36,855	-	9,426	29,741	9,427	85,448
Advertising and promotion	418	-	8,606	8,349	22,321	39,694
Office supplies and postage	2,786	-	11,332	3,037	3,036	20,191
Computer expense	6,845	-	28,943	9,115	18,138	63,041
Bank fees	1,048	-	5,997	-	-	7,045
Professional fees	9,270	-	-	37,386	1,734	48,390
Contributions	-	-	2,082,780	40,567	-	2,123,347
Travel	-	-	11,022	11,022	28,103	50,147
Dues and credit card fees	11,546	-	13,032	-	5,585	30,163
Miscellaneous	65	32	-	-	-	97
Domestic Education	-	-	19,819	-	19,819	39,638
Interest expense	32,191	-	-	-	-	32,191
<b>Total Expenses</b>	<b>\$ 648,173</b>	<b>\$ 407,763</b>	<b>\$ 2,612,204</b>	<b>\$ 263,631</b>	<b>\$ 326,023</b>	<b>\$ 4,257,793</b>

## STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

**WORLD MISSION, INC.**  
For the year ended June 30, 2021

	Program Services			Supporting Services		Total
	Retail Sales	The Treasure Sales	Project Activities	Management and General	Fundraising	
Purchases and supplies	\$ 69,122	\$ 292,939	\$ 97,741	\$ -	\$ -	\$ 459,802
Wages, payroll taxes and employee benefits	368,215	-	256,230	89,749	148,277	862,471
Telephone	4,103	-	3,052	99	3,052	10,306
Repair and maintenance	14,710	-	7,366	91	-	22,167
Utilities	70,178	-	4,268	-	4,268	78,714
Insurance	30,033	-	-	10,393	-	40,426
Truck and vehicle expense	12,024	-	4,803	1,293	4,804	22,924
Depreciation	62,094	-	10,105	30,264	10,105	112,568
Advertising and promotion	154	-	10,642	-	61,471	72,267
Office supplies and postage	3,717	-	30,851	-	-	34,568
Computer expense	9,536	-	33,189	700	14,224	57,649
Bank fees	7,386	-	5,169	5	-	12,560
Professional fees	8,019	-	20,459	11,688	20,459	60,625
Contributions	16,000	-	1,309,630	40,567	-	1,366,197
Travel	504	-	20,812	26	2,313	23,655
Dues and credit card fees	13,200	-	9,485	-	6,323	29,008
Miscellaneous	-	-	156	-	-	156
Interest expense	52,965	-	-	565	-	53,530
<b>Total Expenses</b>	<b>\$ 741,960</b>	<b>\$ 292,939</b>	<b>\$ 1,823,958</b>	<b>\$ 185,440</b>	<b>\$ 275,296</b>	<b>\$ 3,319,593</b>

## STATEMENTS OF CASH FLOWS

WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,695,098	\$ 537,798
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	85,448	112,568
(Gain)/loss on sale of fixed assets	(549,392)	93,433
Changes in operating assets and liabilities which provided cash:		
Accounts receivable	109,760	(127,197)
Contributions receivable	(705,494)	(65,752)
Inventory	(23,600)	30,446
Prepaid expense	(147,559)	(2,439)
Accounts payable	178,972	(994)
Accrued expenses	(21,710)	9,570
<b>Net Cash Provided by Operating Activities</b>	<b>621,523</b>	<b>587,433</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property and equipment	(105,802)	(64,490)
Proceeds from sale of property and equipment	1,486,882	475,000
<b>Net Cash Provided by Financing Activities</b>	<b>1,381,080</b>	<b>410,510</b>
<b>Cash Flows from Financing Activities</b>		
Borrowing on Payment Protection Program loan	-	(148,100)
Payments on long-term debt	(572,497)	(205,844)
<b>Net Cash Used for Financing Activities</b>	<b>(572,497)</b>	<b>(353,944)</b>
<b>Net Increase in Cash</b>	<b>1,430,106</b>	<b>643,999</b>
<b>Cash - beginning of year</b>	<b>1,417,991</b>	<b>773,992</b>
<b>Cash - end of year</b>	<b>\$ 2,848,097</b>	<b>\$ 1,417,991</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 32,775	\$ 54,132

## NOTES TO FINANCIAL STATEMENTS

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WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies***

#### **Nature of Activities**

The accompanying financial statements present the financial position, results of operations and cash flows of World Mission, Inc. (d/b/a World Mission) (the “Organization”). The Organization is incorporated in the State of Michigan and organized exclusively for charitable, religious, educational, and scientific purposes. The work of the Organization is to provide the Word of God to unreached people groups through distribution of audio Bibles in many languages, and provision of humanitarian aid. The Organization operates several Thrift Stores in Michigan that sell donated items, such as clothing and household goods with the goal of providing additional revenue to offset administrative costs.

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting, recording revenue when earned rather than when received, and recording expenses when incurred rather than when paid.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits in banks, institutional money market funds and cash on hand. For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains cash balances in checking and savings accounts. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash in a bank checking or savings account in excess of the federally insured limit.

#### **Contributions Receivable**

The Organization has received pledges from various donors to contribute monies in the future for various purposes. In management’s opinion, no allowance was considered necessary at December 31, 2022 or 2021. Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 3% at June 30, 2022.

## NOTES TO FINANCIAL STATEMENTS

WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

### *Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)*

#### **Contributions Receivable (Continued)**

The Organization's had the following unconditional pledges receivable as of June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Receivable in one year	\$ 361,088	\$ 117,266
Receivable in more than one year	486,000	-
Less: Discounts to the present value	(24,328)	-
	<u>\$ 822,760</u>	<u>\$ 117,266</u>

#### **Inventory**

Inventory consisting mainly of used clothing, used household goods and audio Bibles is stated at the lower of cost or net realizable value. Costs for used clothing and household goods are incurred in the procurement and sorting of goods for resale in the thrift stores.

#### **Property and Equipment**

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. The Organization follows a capitalization policy of \$2,000 in determining assets to be depreciated. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the useful lives of the related assets as follows:

Land improvements	10 - 15 years
Buildings	20 - 40 years
Leasehold improvements	5 - 15 years
Equipment, furniture, and furnishings	3 - 10 years
Vehicles	5 years

#### **Goodwill**

As of June 30, 2022 and 2021, the gross carrying amount of goodwill is \$176,256 and \$352,513 with accumulated amortization of \$25,180. The accompanying statements of activities reflect no goodwill amortization expense for the years ended June 30, 2022 and 2021 and goodwill was determined to not be impaired.

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)***

#### **Net Assets**

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that 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 the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### **Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Revenue for retail store purchases is recognized when the customer receives and pays for the merchandise.

The Organization has contracts with customers for Treasures with one performance obligation. This performance obligation is satisfied at delivery of the product. For product purchased but subsequently delivered to the customer, the Organization recognizes a liability until delivery is complete; at that time, the liability is reversed, and revenue is recognized. Payment terms require payment upon delivery of the product.

#### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed stipulations that are met in the same year as received or earned are reported as unrestricted revenue.

## NOTES TO FINANCIAL STATEMENTS

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WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

### *Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)*

#### **Donated Services and Goods**

Volunteers have donated time to the Organization's operations during the year; however, these donated services are not reflected in the financial statements to the extent that the services do not require specialized skills.

Donated goods are recorded as revenue on the date of the receipt at estimated fair market value. Donated materials of \$28,360 and \$27,655 were included in support and revenue during 2022 and 2021 respectively. This revenue was offset by fixed assets shown in the statement of financial position or expenses shown on the statements of activities and functional expenses according to the nature of the donation. The Organization also receives in-kind donations of audio Bibles each year. These in-kind donations recorded in the statement of activities were \$647,744 and \$511,778 for the years ended June 30, 2022 and 2021, respectively. As the in-kind donations are received, they are booked to inventory and then released through cost of goods sold as they are donated to our international partners or sold.

#### **Advertising and Promotion**

The Organization expenses promotion and education costs as incurred. Promotion and education costs for the years ended June 30, 2022 and 2021 were \$39,694 and \$72,267, respectively.

#### **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. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

#### **Functional Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies and direct invoices. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.



## NOTES TO FINANCIAL STATEMENTS

WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

### **Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

#### **Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 1, 2022, which is the date the financial statements were available to be issued.

#### **New Accounting Pronouncement**

During 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07: *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. As a result of the adoption of this ASU, the Organization increased transparency in its reporting of contributed nonfinancial assets. See Note J. The standard was adopted retrospectively, and the adoption of the ASU did not have an impact on the Organization's net assets.

#### **Note B – Liquidity and Availability**

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization's sources of liquidity at its disposal include cash, accounts receivable, and contributions receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programmatic activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash used for operations for the years ended June 30, 2022 and 2021. As of June 30, 2022 and 2021, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	<b>2022</b>	<b>2021</b>
Financial assets:		
Cash	\$ 2,848,097	\$ 1,417,991
Accounts receivable	20,725	130,485
Contributions receivable	847,088	117,266
Total financial assets	3,715,910	1,665,742
Less amounts not available to be used within on year:		
Contribution receivables, long term, net	(461,672)	-
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 3,254,238</u>	<u>\$ 1,665,742</u>

## NOTES TO FINANCIAL STATEMENTS

WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

### Note C – Property and Equipment

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 66,300	\$ 502,400
Land improvements	52,496	52,496
Buildings	2,631,231	3,488,874
Leasehold improvements	57,230	57,230
Equipment, furniture, and furnishings	122,399	183,750
Vehicles	61,660	71,510
	<u>2,991,316</u>	<u>4,356,260</u>
Accumulated depreciation	<u>(1,725,509)</u>	<u>(2,349,574)</u>
Total property and equipment	<u>\$ 1,265,807</u>	<u>\$ 2,006,686</u>

### Note D – Long-Term Debt

Long-term debt at June 30, 2022 and 2021 consists of the following obligations:

	<u>2022</u>	<u>2021</u>
Note payable to bank, due in monthly installments of \$4,285 including interest at 5%, balance due March 28, 2022, secured by related property. Loan was repaid at full.	\$ -	\$ 556,598
Note payable to bank, due in monthly installments of \$2,340 including interest at 3.4%, balance due July 17, 2026, secured by related property.	<u>324,288</u>	<u>340,187</u>
Total Debt	<u>324,288</u>	<u>896,785</u>
Less: current portion	(18,267)	896,785
Total Long-Term Debt	<u>\$ 306,021</u>	<u>\$ -</u>

The maturities of long-term debt for each of the next five years and in the aggregate are as follows:

Year ending June 30, 2023	\$ 18,267
2024	18,879
2025	19,568
2026	<u>267,574</u>
	<u>\$ 324,288</u>

## NOTES TO FINANCIAL STATEMENTS

WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

### **Note E – Deferred Revenue**

On April 20, 2020, the Organization received loan proceeds in the amount of \$148,100 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act) and provides for loans to qualifying businesses for amounts up to 2.5 times the average amount of qualified payroll expenses. The loans are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and the borrower maintains their employment levels. The Organization used the proceeds for purposes consistent with the PPP requirements and therefore received forgiveness during the year ended June 30, 2021. Upon forgiveness, the loan was recognized as a contribution on the statements of activities

### **Note F – Rental Income**

The Organization leases a building to a nonprofit organization. The initial term of the lease is three years commencing on July 1, 2018 with a renewal option of three years. Terms of the lease require annual payments of \$1. The estimated annual lease market value of the building is \$218,750. This amount is included in rental income and contributions expense for the years ended June 30, 2022 and 2021 in the accompanying statements of activities.

The Organization leases some space to another nonprofit organization. Terms of the month to month lease require monthly payments of \$100. Rental income for the years ended June 30, 2022 and 2021 was \$1,000 and \$1,200, respectfully and is included in the accompanying statement of activities.

### **Note G – Net Assets With Donor Restrictions**

Net assets with donor restrictions as of June 30, 2022 and 2021 are available for the following purposes:

	<b>2022</b>	<b>2021</b>
The Treasure Distribution	\$ 18	\$ 205,478
Mission Projects and Trips	78,606	37,377
Total Net Assets with Donor Restrictions	<u>\$ 78,624</u>	<u>\$ 242,855</u>

Board restricted amounts are funds that are set aside for Mission Projects and Trips. Board restricted funds were \$544,952 and \$220,803 as of June 30, 2022 and 2021, respectively.

### **Note H – Related Parties**

The Organization rents various retail store spaces from a company owned by various board members on a month-to-month basis. This related company donates the rental fees it charges back to the Organization. Donated rent for the years ended June 30, 2022 and 2021 totaled \$20,284 and is included in the accompanying statements of activities as contribution income and rental expense.

## NOTES TO FINANCIAL STATEMENTS

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**WORLD MISSION, INC.**

For the years ended June 30, 2022 and 2021

### ***Note I – Employee Retirement Plan***

The Organization adopted a 401(k) retirement plan for all eligible employees effective January 1, 2012. The Organization's retirement plan requires the Organization to contribute a match of 50% up to 2% of an eligible employee's salary. Total retirement plan expense was \$5,929 and \$5,525 for June 30, 2022 and 2021, respectively.

### ***Note J – Contributed Nonfinancial Assets***

The Organization recognized contributed nonfinancial assets within revenue, including a contributed vehicle, clothing and furniture, stock, rent and audio Bibles. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed nonfinancial assets recognized within the statement of activities as of June 30, 2022 and 2021 included:

<b>Category</b>	<b>2022</b>	<b>2021</b>
Audio Players	\$ 704,644	\$ 669,878
Truck	11,000	-
Clothing and Furniture	17,360	20,684
Rent	20,284	20,284
	<u>\$ 753,288</u>	<u>\$ 710,846</u>

## NOTES TO FINANCIAL STATEMENTS

WORLD MISSION, INC.

For the years ended June 30, 2022 and 2021

### Note J – Contributed Nonfinancial Assets (Continued)

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Audio Players	\$ 704,644	Treasures	Sent to the people groups intended based upon the languages loaded on the player	The donation is valued based upon actual donor cost or estimated cost based on the manufacturer price list
Truck	\$ 11,000	Thrift	None	Based upon reported cost to donor
Clothing and Furniture	\$ 17,360	Thrift	None	Clothing and furniture is donated for sale in our thrift operations. This is valued based upon an estimated price per pound for clothing and per item on the furniture based upon similar thrift store metrics
Rent	\$ 20,284	Thrift	Operation of a thrift store	Landlord monthly rent