

UNKNOWN NATIONS

(d/b/a World Mission)

FINANCIAL STATEMENTS

For the years ended
June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

November 20, 2023

To the Board of Directors
Unknown Nations d/b/a World Mission
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of Unknown Nations(a non-profit organization), (d/b/a World Mission) which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Unknown Nations as of June 30, 2023 and 2022, 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 Unknown Nations 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 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 Unknown Nations' 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 Unknown Nations' 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 Unknown Nations' 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

FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION

UNKNOWN NATIONS
June 30, 2023 and 2022

ASSETS

	2023	2022
Current Assets		
Cash and cash equivalents	\$ 2,360,396	\$ 2,848,097
Accounts receivable	5,005	20,725
Employee retention credit receivable	33,582	-
Contributions receivable, current	784,552	361,088
Inventory	547,353	219,576
Prepaid expense	138,402	157,722
Total Current Assets	3,869,290	3,607,208
Property and Equipment, net	1,053,552	1,265,807
Other Assets		
Contribution receivables, long term, net	752,952	461,672
Goodwill, net	-	176,256
Operating lease right-of-use-assets	33,260	-
Total Other Assets	786,212	637,928
Total Assets	\$ 5,709,054	\$ 5,510,943

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 344,135	\$ 211,344
Accrued liabilities	28,184	23,789
Unearned revenue	33,582	500
Current portion of long-term debt	-	18,267
Operating lease liabilities - current	10,303	-
Total Current Liabilities	416,204	253,900
Long-term Liabilities		
Long-term debt, less current portion	-	306,021
Operating lease liabilities, net current portion	22,911	-
Total Long-Term Liabilities	22,911	306,021
Total Liabilities	439,115	559,921
Net Assets		
Without donor restrictions		
Undesignated	3,441,425	3,800,774
Board restricted for mission projects and trips	859,742	544,952
With donor restrictions	968,772	605,296
Total Net Assets	5,269,939	4,951,022
Total Liabilities and Net Assets	\$ 5,709,054	\$ 5,510,943

STATEMENTS OF ACTIVITIES

UNKNOWN NATIONS

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions of cash and other financial assets	\$ 502,639	\$ 2,816,754	\$ 3,319,393
Contributions of nonfinancial assets	913,360	-	913,360
Retail store sales	195,033	-	195,033
Gross revenues from special events:			
Event revenue	171,056	-	171,056
Less: direct expenses	24,867	-	24,867
Net special event revenue	146,189	-	146,189
Royalty income	6,000	-	6,000
The Treasure sales	423,045	-	423,045
Rental income	219,150	-	219,150
Gain on sale of fixed assets	1,097,611	-	1,097,611
Interest income	16,570	-	16,570
Miscellaneous income	38,693	-	38,693
Net assets released from restrictions	2,453,278	(2,453,278)	-
Total Public Support and Revenues	6,011,568	363,476	6,375,044
Expenses			
Retail store expenses	265,035	-	265,035
The Treasure expenses	376,911	-	376,911
Project activities expenses	4,383,237	-	4,383,237
Management and general expenses	506,988	-	506,988
Fundraising expenses	523,956	-	523,956
Total Expenses	6,056,127	-	6,056,127
Change in Net Assets	(44,559)	363,476	318,917
Net Assets - beginning of year	4,345,726	605,296	4,951,022
Net Assets - end of year	\$ 4,301,167	\$ 968,772	\$ 5,269,939

STATEMENTS OF ACTIVITIES

UNKNOWN NATIONS

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions of cash and other financial assets	\$ 841,424	\$ 2,319,722	\$ 3,161,146
Contributions of nonfinancial assets	753,288	-	753,288
Retail store sales	629,110	-	629,110
Gross revenues from special events:			
Event revenue	169,713	-	169,713
Less: direct expenses	33,340	-	33,340
Net special event revenue	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)	-
Total Public Support and Revenues	5,590,450	362,441	5,952,891
Expenses			
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
Fundraising expenses	326,022	-	326,022
Total Expenses	4,257,793	-	4,257,793
Change in Net Assets	1,332,657	362,441	1,695,098
Net Assets - beginning of year	3,013,069	242,855	3,255,924
Net Assets - end of year	\$ 4,345,726	\$ 605,296	\$ 4,951,022

STATEMENTS OF FUNCTIONAL EXPENSES

UNKNOWN NATIONS
For the year ended June 30, 2023

	Program Services			Supporting Services		Total
	Thrift	The Treasure Sales	Project Activities	Management and General	Fundraising	
Purchases and supplies	\$ 58,272	\$ 376,911	\$ -	\$ -	\$ 15,651	\$ 450,834
Wages, payroll taxes and employee benefits	91,450	-	433,784	191,289	429,379	1,145,902
Repair and maintenance	5,426	-	-	13,614	-	19,040
Utilities	14,618	-	6,765	6,765	6,765	34,913
Insurance	26,362	-	-	12,942	-	39,304
Truck and vehicle expense	11,160	-	4,480	6,890	7,704	30,234
Depreciation	40,220	-	6,909	10,364	3,455	60,948
Advertising and promotion	795	-	-	5,325	2,456	8,576
Office supplies and postage	1,863	-	9,845	37,129	8,655	57,492
Computer expense	2,071	-	16,897	12,404	14,495	45,867
Bank fees, dues and credit card fees	3,352	-	5,381	12,631	-	21,364
Professional fees	2,277	-	9,959	154,874	9,959	177,069
Direct Program Expense						
Treasure Ministry	-	-	2,018,452	-	-	2,018,452
Humanitarian Aid	-	-	568,545	-	-	568,545
Discipleship Programs	-	-	825,997	-	-	825,997
Domestic contributions	-	-	362,544	-	-	362,544
Mission Travel	-	-	101,297	-	-	101,297
Travel	-	-	12,382	42,761	25,437	80,580
Interest expense	7,169	-	-	-	-	7,169
Total Expenses	\$ 265,035	\$ 376,911	\$ 4,383,237	\$ 506,988	\$ 523,956	\$ 6,056,127

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

UNKNOWN NATIONS
For the year ended June 30, 2022

	Program Services			Supporting Services		Total
	Thrift	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	9,426	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
Direct Program Expense						
Treasure Ministry	-	-	1,152,090	40,567	-	1,192,657
Humanitarian Aid	-	-	350,234	-	-	350,234
Discipleship Programs	-	-	283,709	-	-	283,709
Domestic contributions	-	-	218,750	-	-	218,750
Mission Travel	-	-	77,997	-	-	77,997
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
Total Expenses	\$ 648,173	\$ 407,763	\$ 2,612,204	\$ 263,631	\$ 326,022	\$ 4,257,793

STATEMENTS OF CASH FLOWS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 318,917	\$ 1,695,098
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	60,948	85,448
Increase in the carrying amount of right-of-use assets-operating leases	(33,260)	-
Gain on sale of fixed assets	(1,097,611)	(549,392)
Changes in operating assets and liabilities:		
Accounts receivable	15,720	109,760
Employee retention credit receivable	(33,582)	-
Contributions receivable	(714,744)	(705,494)
Inventory	(327,777)	(23,600)
Prepaid expense	19,320	(147,559)
Accounts payable	132,791	178,972
Accrued expenses	4,395	(21,710)
Operating lease liability	33,214	-
Deferred revenue	33,082	-
Net Cash Provided by (Used for) Operating Activities	(1,588,587)	621,523
Cash Flows from Investing Activities:		
Purchases of property and equipment	(4,738)	(105,802)
Proceeds from sale of property and equipment	1,429,912	1,486,882
Net Cash Provided by Financing Activities	1,425,174	1,381,080
Cash Flows from Financing Activities		
Payments on long-term debt	(324,288)	(572,497)
Net Cash Used for Financing Activities	(324,288)	(572,497)
Net Increase (decrease) in Cash	(487,701)	1,430,106
Cash and cash equivalents - beginning of year	2,848,097	1,417,991
Cash and cash equivalents - end of year	\$ 2,360,396	\$ 2,848,097
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 7,169	\$ 32,775

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 Unknown Nations (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 to reach the previously unreachable and thereby complete Jesus' calling to take the Gospel to the "ends of the earth." The Organization believes the ends of the earth are not the most distant places geographically. They are the most distant places spiritually. They are the most zero-access, barrier-ridden, spiritually antagonistic, spoken-word reliant people groups on the planet. The Organization exists to give birth to the Church in impossible places. The Organization achieves this through three strategic initiatives of creating access to God's Word, targeted humanitarian projects, and discipleship training. The Mission, in short: To reach the previously unreachable at the ends of the earth— completing the last four words of Jesus' calling.

Name Change

On May 12, 2023 the World Mission Board of Directors approved a change in name from World Mission to Unknown Nations (d/b/a World Mission). The Organization has had increasing requests from the field for more Treasures and resources to impact unreached areas and therefore the only solution was to grow! What has been a regional support base needed to become a national support base. To accomplish this vision, the Organization had to think about the name. As they began to scale to reach a national Christian community and serve the vision God had instilled, the name was becoming a hindrance. While the Organization is so very proud of its past and what God has done through World Mission, the Organization recognized that its name was causing confusion and didn't reflect the singular laser-focus of its ministry.

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.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

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

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 June 30, 2022, however the allowance booked for June 30, 2023 was \$9,000. Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 7% and 3% at June 30, 2023 and 2022, respectively.

The Organization's had the following unconditional pledges receivable as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 784,552	\$ 361,088
In two to four years	847,000	486,000
Total unconditional contributions receivable	1,631,552	847,088
Less allowance for uncollectible receivables	(9,000)	-
Less discounts to net present value at 7% and 3%, respectively	(85,048)	(24,328)
Net unconditional contributions receivable	<u><u>\$1,537,504</u></u>	<u><u>\$ 822,760</u></u>

Inventory

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

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

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

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, the gross carrying amount of goodwill was \$188,846 with accumulated amortization of \$12,590. The accompanying statements of activities reflect no goodwill amortization expense for the year ended June 30, 2022 and goodwill was determined to not be impaired. Due to the sale of the thrift store, there was no balance of goodwill for the year ended June 30, 2023.

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.

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

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.

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.

Revenue for retail store purchases is recognized when the customer receives and pays for the merchandise whereas royalty income is recorded when received.

The Organization has contracts with customers for Treasures with one performance obligation. This performance obligation is satisfied at shipment 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 shipment of the product.

During the year ended June 30, 2023, the Organization applied for Employee Retention Credits under the CARES Act for qualifying payroll expenditures incurred in prior years. The amount of \$33,582 has been booked as a receivable and unearned revenue in the statement of financial position as of June 30, 2023.

Contributions of Nonfinancial Assets

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 \$64,082 and \$28,360 were included in support and revenue during 2023 and 2022 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 \$828,994 and \$704,644 for the years ended June 30, 2023 and 2022, 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. See Note I for additional details

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

Advertising and Promotion

The Organization expenses promotion and education costs as incurred. Promotion and education costs for the years ended June 30, 2023 and 2022 were \$8,576 and \$13,161, respectively.

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.

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.

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 20, 2023, which is the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to the presentation in the current year financial statements.

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

Leases

The Organization has entered into a variety of operating leases for an automobile and various operating equipment. The obligations associated with these leases have been recognized as a liability in the balance sheet of future lease payments, discounted by the incremental borrowing rate for the Organization's operating leases. Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease. See note J for additional lease information.

New Accounting Pronouncement

During 2023, the Organization has adopted Accounting Standards Update (ASU) No. 2016-02: *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a leases as of the effective date. See Note J for additional lease information.

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, employee retention 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, 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

Note B – Liquidity and Availability (Continued)

As of June 30, 2023 and 2022, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 2,360,396	\$ 2,848,097
Accounts receivable	5,005	20,725
Employee retention credit receivable	33,582	-
Contributions receivable, net	1,537,504	822,760
Total financial assets	3,936,487	3,691,582
Less amounts not available to be used within on year:		
Contribution receivables, current, restricted	(217,000)	(65,000)
Contribution receivables, long term, net	(752,952)	(461,672)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,966,535</u>	<u>\$ 3,164,910</u>

Note C – Property and Equipment

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

	2023	2022
Land	\$ 66,300	\$ 66,300
Land improvements	52,496	52,496
Buildings	2,080,586	2,631,231
Leasehold improvements	57,230	57,230
Equipment, furniture, and furnishings	69,029	122,399
Vehicles	61,660	61,660
	2,387,301	2,991,316
Accumulated depreciation	(1,333,749)	(1,725,509)
Property and equipment, net	<u>\$ 1,053,552</u>	<u>\$ 1,265,807</u>

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

Note D – Long-Term Debt

Long-term debt at June 30, 2022 consisted of the following obligations, however all obligations were repaid as of June 30, 2023.

	<u>2022</u>
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.	\$ 324,288
Less: current portion	<u>(18,267)</u>
Total Long-Term Debt	<u>\$ 306,021</u>

Note E – 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, 2023 and 2022 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, 2023 and 2022 was \$400 and \$1,000, respectfully and is included in the accompanying statement of activities.

Note F– Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
The Treasure distribution	\$ 18	\$ 18
Mission projects and trips	12,602	78,606
Pakistan Shiloh Center	112,000	145,000
Where needed most - time restricted	533,452	381,672
Discipleship	140,000	-
Treasures	90,000	-
Humanitarian	31,000	-
Afghan Ministry	49,700	-
Total Net Assets with Donor Restrictions	<u>\$ 968,772</u>	<u>\$ 605,296</u>

Board restricted amounts are funds that are set aside for Mission Projects and Trips. Board restricted funds were \$859,742 and \$544,952 as of June 30, 2023 and 2022, respectively.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

Note G – 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 year ended June 30, 2022 totaled \$20,284 and is included in the accompanying statements of activities as contribution income and rental expense. There was no retail space rented from any board member during the year ended June 30, 2023. During the year ended June 30, 2023, the organization entered into a working arrangement with a video production company that owned by a board member, the amount of \$11,502 is included in the statement of functional expenses reported by the organization.

Note H – 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 \$5,056 and \$5,929 for June 30, 2023 and 2022, respectively.

Note I – Contributed Nonfinancial Assets

The Organization recognized contributed nonfinancial assets within revenue, including a contributed vehicle, clothing and furniture, software, rent, audio Bibles and other small miscellaneous items. As of June 30, 2023 and 2022 the contributed nonfinancial assets did not have donor-imposed restrictions.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

Note I – Contributed Nonfinancial Assets (Continued)

Contributed nonfinancial assets recognized within the statement of activities as of June 30, 2023 and 2022 included:

	2023 Revenue Recognized	2022 Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Audio Players	\$ 828,994	\$ 704,644	Biblical teaching device distributed free to unreached people	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
Clothing and Furniture	\$ 57,454	\$ 17,360	Unrestricted revenue is raised through Thrift operations	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	\$ 20,284	Thrift Store Operations	Operation of a thrift store	Landlord monthly rent
Software	\$ 4,514	\$ -	Fundraising software	No associated donor restrictions	Cost of software
Misc.	\$ 2,114	\$ -	Multiple	No associated donor restrictions	Multiple
Truck	\$ -	\$ 11,000	Thrift	No associated donor restrictions	Based upon reported cost to donor

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2023 and 2022

Note J – Right-of-Use – Operating Leases

Operating lease assets consist of an auto lease, and leases for various office equipment with unrelated parties. These leases have varying lease periods from 36 to 63 months and require monthly payments ranging from \$62 - \$598. Lease payments are reported on statement of functional expenses as office expenses and as program expenses on the statement of activities for the years ended June 30, 2023 and 2022. Total lease expense for the year ended June 30, 2023 was \$6,395.

The right of use assets and corresponding lease liabilities associated with future payments at June 30, 2023 as follows:

Operating right of use assets	\$	33,260
Operating lease liabilities	\$	33,214
Weighted average:		
Discount rate		4%
Remaining lease term (years)		4
Years ending June 30, 2024	\$	11,487
2025		11,487
2026		6,702
2027		3,233
2028		2,824
Thereafter		62
		<hr/>
		35,795
Less: amount representing interest		<hr/>
		2,581
		<hr/>
		33,214
Less: current maturities		<hr/>
		10,303
		<hr/>
Long-term obligation	\$	<u>22,911</u>

The Organization has made an accounting policy election not to recognize right of use assets and lease liabilities that arise from short term leases (lease periods less than 12 months and/or month-to-month leases) for any class of underlying asset. Prior to the implementation of *Leases (Topic 842)*, the operating lease expenses of the Organization were minimal and immaterial to the financial statements as a whole.