

Biblical Ministries Worldwide, Inc.

Independent Auditor's Report and Combined Financial Statements

As of and for the Year Ended October 31, 2023

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Independent Auditor's Report

Board of Directors
Biblical Ministries Worldwide, Inc.
Lawrenceville, GA, United States of America

Opinion

We have audited the combined financial statements of Biblical Ministries Worldwide, Inc. (the Ministry), which comprise the combined statement of financial position as of October 31, 2023, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Ministry as of October 31, 2023, and its changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Ministry 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.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the combined 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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry'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.

Emphasis of a Matter

During the year ended October 31, 2023, the Ministry applied certain pronouncements in accordance with U.S. GAAP which required financial assets held for the use of others to be recorded within the statement of financial position as both an asset held for the use of others and a corresponding liability showing the obligation to remit those assets. These are described further in Note 2 to the combined financial statements as assets held for others. The impact of the application of this guidance did not result in any impact to the total net assets or changes in net assets for the year end October 31, 2023. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "CoSurge". The script is fluid and cursive, with the "C" being particularly large and stylized.

CoSurge LLC
(d/b/a CoSurge CPAs)
Buford, Georgia
April 30, 2025

Biblical Ministries Worldwide, Inc.
Combined Statement of Financial Position
As of October 31, 2023

Assets	
Cash and cash equivalents	\$ 4,916,047
Investments	2,835,980
Property and equipment, net	1,785,406
Amounts held on behalf of others	599,989
Total Assets	\$ 10,137,422
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued liabilities	\$ 428,925
Other liabilities	43,915
Amounts held on behalf of others	599,989
Total Liabilities	1,072,829
Net Assets	
Without donor restrictions	2,449,380
Donor restricted for specific purpose	6,615,213
Total Net Assets	9,064,593
Total Liabilities and Net Assets	\$ 10,137,422

See accompanying notes to the combined financial statements

Biblical Ministries Worldwide, Inc.
Combined Statement of Activities
For the Year Ended October 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Support, and Gains			
Contributions	\$ 97,185	\$ 15,370,677	\$ 15,467,862
Rental Income	52,200	-	52,200
Investment Income	89,070	-	89,070
Other Income	1,784	-	1,784
Released from Restrictions	15,640,653	(15,640,653)	-
Total Revenues, Support, and Gains	15,880,892	(269,976)	15,610,916
Expenses			
Program Activities	14,725,178	-	14,725,178
Supporting Services	1,752,397	-	1,752,397
Total Expenses	16,477,575	-	16,477,575
Changes in Net Assets	(596,683)	(269,976)	(866,659)
Net Assets, Beginning of Year	3,046,063	6,885,189	9,931,252
Net Assets, End of Year	\$ 2,449,380	\$ 6,615,213	\$ 9,064,593

See accompanying notes to the combined financial statements

Biblical Ministries Worldwide, Inc.
Combined Statement of Functional Expenses
For the Year Ended October 31, 2023

	Program Activities	Supporting Services	Total
Compensation	\$ 11,023,476	\$ 1,157,172	\$ 12,180,648
Medical benefits	673,539	-	673,539
Mission projects	2,477,583	-	2,477,583
Travel	355,647	258,002	613,649
Depreciation	141,600	75,865	217,465
Mailing and shipping	2,231	17,849	20,080
Insurance	-	22,817	22,817
Utilities	-	12,309	12,309
Office	39,782	104,198	143,980
Other	11,320	104,185	115,505
Total expenses by function	\$ 14,725,178	\$ 1,752,397	\$ 16,477,575

See accompanying notes to the combined financial statements

Biblical Ministries Worldwide, Inc.
Combined Statement of Cash Flows
For the Year Ended October 31, 2023

Cash Flows From Operating Activities	
Cash received from contributions	\$ 15,467,862
Cash received from other sources	113,151
Cash paid to missionaries and employees	(15,331,770)
Cash paid to vendors	(798,926)
Net Cash Used in Operating Activities	(549,683)
Cash Flows From Investing Activities	
Net purchases of investments	(187,993)
Net Cash Used in Investing Activities	(187,993)
Net Decrease in Cash and Cash Equivalents	(737,676)
Cash and Cash Equivalents at Beginning of Year	5,653,723
Cash and Cash Equivalents at End of Year	\$ 4,916,047

See accompanying notes to the combined financial statements

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

1. Nature of the Organization

Biblical Ministries Worldwide, Inc. ("the Ministry") is a non-profit corporation formed in January 1988 as a California corporation. The Ministry was formed by the merger of United Missionary Fellowship, founded in 1949, and Worldwide European Fellowship, founded in 1959. The Ministry's purpose is to maintain and conduct missions activities, to provide buildings and land for its corporate objectives, and to exercise any and all powers and privileges allowed or permitted by a non-profit religious organization. The Ministry functions as a mission board for its missionaries serving around the world, and supports those missionaries in their endeavors to operate various local ministries. The Ministry's primary source of revenue is contributions from churches and individuals.

2. Summary of Significant Accounting Policies

The following significant accounting policies are described to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Principles of Combination

The combined financial statements include the accounts of Biblical Ministries Worldwide, Inc. its related entities under common control: Commission on Compassion and Key Radio. The combined entities are collectively referred to herein as the Ministry. All intercompany balances and activity have been eliminated upon combination.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include checking, savings, and money market accounts. At various times during the year, the Ministry maintains cash balances in excess of federally insured limits. Management does not believe the Ministry is exposed to any significant credit risk on cash and cash equivalents.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

Investments

Investments are recorded at fair value. Investment income or loss (including realized and unrealized gains and losses, interest, and dividends) is included in the statement of activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Fair Value Measurements

When required or elected, the Ministry reports certain donated goods and services (financial instruments) at fair value (the estimated price at which an asset can be sold or a liability settled in an orderly transaction to a third party under current market conditions) using appropriate valuation techniques based on available inputs.

Available inputs are categorized (based on the amount of subjectivity associated with the information source) using a three-level fair value hierarchy defined by U.S. GAAP as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 - Observable inputs other than quoted prices for identical assets and liabilities

Level 3 - Unobservable inputs supported by little or no market activity

When possible, the Ministry measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 are not available.

Property and Equipment

The Ministry's capitalization policy is to capitalize property and equipment with a purchase price, or donation value, more than \$2,000 and which has a useful life greater than two years. Property and equipment purchased are recorded at cost, or fair value at the date of donation, if donated.

Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Property items retired, or otherwise disposed of, are removed from the asset and accumulated depreciation accounts and any resulting gain or loss is reflected in the combined statement of activities.

Depreciation is provided over the estimated useful lives of the individual assets using the straight-line method as follows: buildings, 31 to 35 years; equipment, 10 years.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

Impairment

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If a long-lived asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. There were no indicators of asset impairment for the year ended October 31, 2023.

Amounts Held for Others

The Ministry has relationships with affiliated organizations that, in the normal course of operations, have used the Ministry's legal status for custody of certain financial and nonfinancial assets. As of October 31, 2023, financial assets held in this manner include cash and cash equivalents totaling \$599,989. In accordance with U.S. GAAP (ASC 958-605-25), this amount is recorded as both an asset and an offsetting liability in the accompanying combined statement of financial position, as the funds are held for the benefit of the respective affiliates and are expected to be remitted upon request.

Additionally, certain of these affiliated organizations hold property and equipment titled in the name of the Ministry for the affiliates' operational use. These assets primarily consist of three church properties located in Utah, acquired between 2008 and 2017, with an aggregate purchase cost of approximately \$763,000. Because the Ministry does not maintain control over or derive economic benefit from these properties, and they are used exclusively by the affiliated organizations, ASC 958-605-25 permits the exclusion of the related nonfinancial assets from the combined statement of financial position.

Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Ministry, amounts reported in the combined financial statements are classified in two net asset categories as follows:

- Net assets without donor restrictions are resources currently available for use in general operations, including internal limits imposed by Board decisions.
- Net assets with donor restrictions are resources whose use is limited by donor / grantor-imposed restrictions for specific purpose, passage of time, or perpetual donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Ministry.

Revenue Recognition

The Ministry recognizes revenue in accordance with *Accounting Standards Codification (ASC) 958-605, Not-for-Profit Entities – Revenue Recognition*, and *ASC 606, Revenue from Contracts with Customers*, where applicable.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

Contributions

Unconditional contributions, including promises to give, are recognized as revenue in the period received. Contributions are reported as net assets with or without donor restrictions depending on the existence and nature of any donor-imposed stipulations. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restriction is satisfied, typically through the expenditure of funds for specific purposes, the passage of time, or routine administrative fees charged to missionary accounts, which are deducted as amounts are disbursed.

Conditional contributions are not recognized until the conditions are substantially met.

Program Revenue

Revenue from program services, including fees from events, camps, and similar activities, is recognized when the related services are performed, which is generally over the duration of the program or event. Payments received in advance of the performance of such services are deferred and recognized as revenue in the period in which the services are provided.

Other Revenue

Other revenue sources such as merchandise sales and miscellaneous fees are recognized at the point in time when the performance obligation is satisfied, which is generally when the goods are delivered or services are rendered.

Donated Goods and Services

Donated goods and services are recognized as revenue when received if they meet the criteria for recognition under U.S. GAAP. These are recorded at their estimated fair value at the date of donation. Donated services are recognized if they create or enhance nonfinancial assets or require specialized skills that would need to be purchased if not provided by donation.

Volunteers contribute significant amounts of time to program and supporting activities that would not have otherwise been purchased by the Ministry. No value has been assigned to this volunteer time as it does not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the combined statement of functional expenses. Accordingly, certain expenses have been allocated among the program and supporting services benefited. Salaries, travel, and similar expenses are allocated based on estimates of time and effort. Occupancy, depreciation, and other facility-related costs are allocated based on square footage or usage.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

Fundraising Activities

The FASB defines fundraising activities as activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. A solicitation activity is considered fundraising regardless of the outcome. Fundraising activities typically include publicizing and conducting fundraising campaigns; maintaining donor mailing lists; conducting special fundraising events; preparing and distributing fundraising manuals, instructions, and other materials; conducting other activities involved with soliciting contributions from individuals, foundations, government agencies, and others; and soliciting contributions of services from individuals (i.e. time), regardless of whether those services meet the recognition criteria for contributions.

The Ministry incurred costs associated with establishing and nurturing donor relationships during the year ended October 31, 2023 of \$347,154, including compensation of \$282,653 and travel of \$64,500. Such costs are included in supporting services on the combined statements of activities and functional expenses.

Tax Exempt Status

The Ministry has been organized as a California nonprofit corporation, recognized by the IRS as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and determined not to be a private foundation under section 509a of the Internal Revenue Code. The Ministry is classified as a parachurch organization and is exempt from requirements to file IRS Form 990; however, the Ministry is subject to unrelated business income tax on certain income not directly related to the Ministry's tax-exempt purpose, and would file Form 990-T in the event that unrelated business income was present. In the opinion of Management, the Ministry had no unrelated business income during 2023; accordingly, no provision or benefit for income taxes has been made in the accompanying combined financial statements.

The Ministry only recognizes the tax benefit from an uncertain tax position taken or to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Ministry operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Ministry's financial position, activities or cash flows. Accordingly, the Ministry has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at October 31, 2023.

The Ministry is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax years in progress. The Ministry believes it is no longer subject to income tax examinations for years prior to 2020.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

3. Liquidity and Availability of Resources

The Ministry manages its liquidity to ensure it has adequate financial assets available to meet general expenditures, liabilities, and other obligations as they become due. The Ministry's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, whether for ongoing operations or unexpected events.

The following reflects the Ministry's financial assets available to meet cash needs for general expenditures within one year as of October 31, 2023:

Financial assets, at year end:	
Cash and cash equivalents	\$ 4,916,047
Investments	2,835,980
Total	7,752,027
Less amounts not available to be used within one year:	
Board-designated net assets	706,196
Net assets with donor restrictions	6,615,213
Total amounts not available to be used within one year:	7,321,409
Financial assets available to meet general expenditures over the next twelve months	\$ 430,618

The Ministry receives significant contributions and program revenue throughout the year and monitors liquidity through ongoing budgetary and cash flow forecasting. While certain net assets are restricted by donors for specific purposes, the Ministry considers restrictions that are expected to be met in the normal course of operations within one year to be available to meet current obligations.

In the event of an unanticipated liquidity need, the Ministry may reallocate available unrestricted funds or adjust discretionary expenditures as needed. The Ministry has designated certain net assets as a board-designated endowment as of October 31, 2023. These resources could also become available if the Board approved that action.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

4. Investments

Investments consist of the following as of October 31, 2023:

A summary of investments at October 31, 2023 follows:

Investments at Fair Value

Debt securities	\$ 351,958
Equity securities	2,351,822
Total at fair value	2,703,780
Cash included in board-designated endowment	132,200
Total Investments	\$ 2,835,980

A summary of Investment Income during the year ended October 31, 2023 follows:

Interest and dividends	\$ 108,880
Realized and unrealized losses	(19,810)
Total Investment Income	\$ 89,070

5. Fair Value Measurements

The fair value measurement of assets reported at fair value as of October 31, 2023 follows:

	Fair Value	Level 1	Level 2	Level 3
Debt Securities	\$ 351,958	\$ -	\$ 351,958	\$ -
Equity Securities	2,351,822	2,351,822	-	-
Total at fair value	\$ 2,703,780	\$ 2,351,822	\$ 351,958	\$ -

6. Property and Equipment

A summary of property and equipment at October 31, 2023 follows:

Land	\$ 677,689
Buildings	2,579,476
Equipment	143,751
	3,400,916
Less accumulated depreciation	(1,615,510)
Total property and equipment, net	\$ 1,785,406

Depreciation expense totaled \$217,465 for the year ended October 31, 2023.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

7. Net assets

A summary of net asset composition at October 31, 2023 follows:

Without donor restrictions:

Undesignated	\$ 1,743,184
Board-designated for quasi-endowment	706,196
Total without donor restrictions	2,449,380

Donor restricted for specific purpose:

Missionary support	6,510,213
Capital additions	105,000
Total with donor restrictions	6,615,213

Total net assets	\$ 9,064,593
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A summary of amounts released from restriction during the year ended October 31, 2023 follows:

Amounts released through administrative assessment	\$ 915,789
Other released for missionary support	14,544,864
Total	\$ 15,460,653

8. Quasi-Endowment

The Ministry's quasi-endowment consists of funds designated by the board to function as a quasi-endowment. These board-designated funds are intended to provide long-term financial support for the Ministry's operations. Because these amounts are designated by the board of Directors and not restricted by donors, they are classified as net assets without donor restrictions. The Board of Directors may modify or remove the designation at any time.

Return Objectives and Risk Parameters

The Ministry has adopted investment and spending policies that seek to provide a predictable stream of funding for operations while maintaining the purchasing power of the quasi-endowment assets over time. The board expects the quasi-endowment, over the long term, to earn a rate of return that meets or exceeds benchmark indices for each asset class, consistent with a moderate level of risk.

Strategies Employed for Achieving Objectives

To achieve its objectives, the Ministry uses a total return strategy, investing in a diversified mix of equity and fixed income instruments. The Ministry relies on both income and capital appreciation to generate returns.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

Spending Policy

The Ministry has not adopted a formal spending policy for board-designated quasi-endowment funds. Rather, the board reviews the quasi- endowment on an annual basis and determines distributions considered prudent and appropriate to support the Ministry's operations or specific initiatives. Distributions are made at the discretion of the board and may vary from year to year based on financial needs, market conditions, and other relevant factors.

A summary of changes in board-designated quasi-endowment funds during the year ended October 31, 2023 follows:

Board-designated quasi-endowment funds, beginning of year	\$ 681,779
Interest and dividends	29,848
Realized and unrealized losses	(5,431)
Board-designated quasi-endowment funds, end of year	\$ 706,196

Board-designated quasi- endowment funds are included in investments on the combined statement of financial position.

9. Related Party Transactions

Contributions from board members and their related organizations, and management, totaled \$988,954 for the year ended October 31, 2023.

10. Commitments and Contingencies

Previously, the Board of Directors provided supplemental compensation to certain former executives. This program directed that supplemental compensation payments of specified amounts, including "gross-up" amounts for taxes, would be paid to the applicable former executives over a specified time ranging from ten to fourteen years. An accrual has been recorded, representing the present value of the expected payments. The balance of the accrual at October 31, 2023, is \$217,062, and is included in accounts payable and accrued expenses in the combined statement of financial position. Payments of \$52,721 were made under this policy for the year ended October 31, 2023. The amounts payable under this policy are being funded by a combination of cash received upon liquidating existing life insurance policies and cash from other sources.

In connection with the Ministry's church planting efforts in Utah, the Ministry has previously obligated itself under loan agreements for the purchase of church facilities. The congregations of these Utah churches intend to repay these obligations; however, the Ministry remains liable until the loans are completely repaid. The Ministry recorded these obligations, including them as other liabilities in the combined statement of financial position. The Ministry also recorded the land and buildings related to these churches, including them at cost as property and equipment in the combined statement of financial position. The total liability at October 31, 2023, under this church planting program is \$43,915, with one loan remaining unpaid, and is reported as other liabilities on the combined statement of financial position.

Biblical Ministries Worldwide, Inc.
Notes to the Combined Financial Statements
For the Year Ended October 31, 2023

11. Subsequent Events

Management has evaluated subsequent events through April 30, 2025, which is the date the combined financial statements were available to be issued. In general, these events are recognized in the combined financial statements if the conditions existed as of October 31, 2023, but are not recognized if the conditions did not exist as of that date. The Ministry discloses non-recognized subsequent events when necessary to keep the combined financial statements from being misleading. As of that date, there were no events identified by management that required recognition or disclosure.

During the year ended October 31, 2024, the Ministry sold properties located in both Colorado and California. The amounts for which the properties were sold exceeded the book value of the properties, resulting in a gain. The properties were not utilized in the day-to-day operations of the Ministry, so such operations are not impacted by the disposal of the properties.