SCRIPTURE UNION
(A Nonprofit Organization)

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

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A Professional Corporation
STYER ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Scripture Union
Valley Forge, Pennsylvania

We have audited the accompanying financial statements of Scripture Union (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made my management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scripture Union as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The Scripture Union's June 30, 2017 financial statements were audited by a predecessor auditor, who expressed an unmodified audit opinion on those financial statements in a report dated October 6, 2017.

Styer Associates

STYER ASSOCIATES
Certified Public Accountants

Souderton, Pennsylvania
December 6, 2018

SCRIPTURE UNION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION
JUNE 30, 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 258,823	$ 318,933
Restricted cash	185,860	119,289
Accounts receivable	11,668	14,223
Promises to give		187,667
Prepaid expenses	38,586	42,250
Inventory	52,680	57,578
Property and equipment - net	14,284	26,887
TOTAL ASSETS	$ 561,901	$ 766,827
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 68,193	$ 58,369
Accrued payroll and payroll taxes	2,464	31
Deferred revenue	54,151	4,363
Due to Foundation		200,000
Line of credit		75,730
Loan payable		12,500
Total Liabilities	124,808	350,993
Net Assets:		
Unrestricted net assets	287,834	266,575
Temporarily restricted net assets	149,259	149,259
Total Net Assets	437,093	415,834
TOTAL LIABILITIES AND NET ASSETS	$ 561,901	$ 766,827

(The accompanying notes are an integral part of the financial statements.)

SCRIPTURE UNION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION
YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Totals 2018	Totals 2017
Support and Revenue:				
Support:				
Members' contributions	$ 446,682	$ 372,164	$ 818,846	$1,213,253
Foundations and grants	174,650		174,650	96,564
Legacies and bequests	35,073		35,073	9,293
Staff support	254,857		254,857	418,835
Total Support	911,262	372,164	1,283,426	1,737,945
Revenue:				
Sale of Bible reading guides	190,490		190,490	202,188
Investment earnings	572		572	119
Other income	22,370		22,370	38,924
Total Revenue	213,432		213,432	241,231
Net assets released from restrictions (satisfaction of restrictions)	372,164	(372,164)		
Total Support and Revenue	1,496,858		1,496,858	1,979,176
Expenses:				
Program expenses:				
Bible reading ministry	380,667		380,667	499,592
Children's ministry	328,846		328,846	364,739
International ministry	481,067		481,067	688,597
Total Program Expenses	1,190,580		1,190,580	1,552,928
Supporting expenses:				
Management and general	115,596		115,596	140,510
Fundraising	169,423		169,423	164,415
Total Supporting Expenses	285,019		285,019	304,925
Total Expenses	1,475,599		1,475,599	1,857,853
Change in Net Assets	21,259		21,259	121,323
Net Assets – Beginning of Year	266,575	149,259	415,834	294,511
Net Assets – End of Year	$ 287,834	$ 149,259	$ 437,093	$ 415,834

(The accompanying notes are an integral part of the financial statements.)

SCRIPTURE UNION
STATEMENT OF FUNCTIONAL EXPENSES – YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION – YEAR ENDED JUNE 30, 2017

	Bible Reading Ministry	Children's Ministry	International Ministry	Total Program Expenses	Management and General	Fundraising	Total 2018	Total 2017
Salaries and expenses	$ 147,971	$ 223,203	$ 65,210	$ 436,384	$ 47,589	$ 93,240	$ 577,213	$ 572,095
Benefits	17,855	15,826	7,040	40,721	7,122	3,454	51,297	127,223
Professional services	1,072	601	9	1,682	9,997	12,412	24,091	16,858
Bible guides and materials	92,047	4,022		96,069		735	96,804	156,792
Books and undated guides	23,501	1,541		25,042			25,042	27,369
Postage shipping	10,997	4,708	1,615	17,320	1,638	4,848	23,806	26,785
Printing and mailing	2,228	234		2,462	601	29,849	32,912	51,326
Promotion and marketing	2,877	7,220		10,097		1,474	11,571	23,896
Regional fundraisers						1,775	1,775	4,575
Grants made to related organizations			384,663	384,663			384,663	565,740
Rent	16,434	6,905	3,289	26,628	3,289	3,289	33,206	32,504
Telephone	2,825	3,687	559	7,071	968	763	8,802	7,616
Equipment and furniture	796	372	256	1,424	768	225	2,417	3,838
Equipment maintenance								2,066
Leased equipment	2,848	2,266	518	5,632	528	865	7,025	10,443
Computer maintenance	3,966	3,942	722	8,630	735	1,184	10,549	11,185
Computer software	17,969	7,016	2,008	26,993	2,532	3,385	32,910	43,956
Insurance	4,848	2,252	966	8,066	319	1,035	9,420	12,259
Travel and conferences	12,617	26,868	12,244	51,729	10,981	7,850	70,560	50,643
Office	5,083	2,180	852	8,115	8,875	1,151	18,141	17,195
Payroll fees	829	934	584	2,347	593	673	3,613	4,320
Royalties	746	343		1,089			1,089	5,539
Bank/PayPal fees	1,515	562	462	2,539	6,113	1,048	9,700	12,196
Credit card fees	98	98		196	98	98	392	1,377
FOBA expenses								7,756
Program materials		13,996		13,996			13,996	36,684
Social media expenses	11,475			11,475			11,475	10,959
Bad debt expense								300
Depreciation					12,604		12,604	10,844
Interest expense	70	70	70	210	246	70	526	3,514
TOTAL EXPENSES	$ 380,667	$ 328,846	$ 481,067	$1,190,580	$ 115,596	$ 169,423	$1,475,599	$1,857,853

(The accompanying notes are an integral part of the financial statements.)

SCRIPTURE UNION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION
YEAR ENDED JUNE 30, 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	$ 21,259	$ 121,323
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,604	10,844
Bad debt expense		(300)
Partial forgiveness of loan balance	(12,500)	(12,500)
(Increase) decrease in assets:		
Accounts receivable	2,555	(4,945)
Promises to give	187,667	20,003
Employee loan receivable		4,012
Prepaid expenses	3,664	3,818
Inventory	4,898	11,021
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	9,824	(121,857)
Accrued payroll and payroll taxes	2,432	(1,263)
Deferred revenue	49,788	(1,322)
Due to Foundation	(200,000)	200,000
Net Cash Provided By Operating Activities	82,191	228,834
Cash Flows From Investing Activities:		
Purchase of equipment		(21,171)
Cash Flows From Financing Activities:		
Proceeds from line of credit		75,730
Payments on line of credit	(75,730)	(74,944)
Net Cash Provided (Used) By Financing Activities	(75,730)	786
NET INCREASE IN CASH	6,461	208,449
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	438,222	229,773
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 444,683	$ 438,222
Supplemental Disclosures:		
Interest paid	$ 526	$ 3,514

(The accompanying notes are an integral part of the financial statements.)

SCRIPTURE UNION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies:

Organization:
Scripture Union is a Christian Organization (the Organization) committed to helping children, young people, and their families know God's love, follow Jesus, and meet God daily in His Word. Their mission is to assist churches in making God's good news known to children, young people, and families through evangelism and discipleship; and to encourage people of all ages to meet God daily through Bible Study and prayer programs. It also supports and oversees Scripture Union ministry activities in many countries throughout the world.

Basis of Accounting:
The financial statements of Scripture Union have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation:
Scripture Union follows the presentation requirements of Financial Accounting Standards Board Codification of ASC Topic 958-Not for Profit Entities. Under ASC Topic 958, Scripture Union is required to report information regarding its combined financial position and activities according to three classes of net assets: permanently restricted (net assets which cannot be spent due to donor-imposed permanent restrictions on the use of funds), temporarily restricted (net assets which can be expended but only in accordance with donor-imposed restrictions), or unrestricted (net assets may be spent in accordance with management wishes).

Restricted and Unrestricted Support and Revenues:
All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted donations whose restrictions are met in the same reporting period are accounted for as temporarily restricted support and as net assets released from restrictions.

Fair Value Measurements:
The Organization reports the fair value of financial assets and liabilities that are required to be disclosed at fair value on a recurring basis in accordance with FASB ASC 820-10, *Fair Value Measurements.* FASB ASC 820-10 defines fair value as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in the most advantageous market for the exchange in an orderly transaction between market participants at the measurement date.

Note 1 - Summary of Significant Accounting Policies (Continued):

Fair Value Measurements (Continued):
FASB ASC 820-10 expands the disclosure requirements regarding fair value and establishes a framework for measuring fair value by providing a fair value hierarchy that prioritizes the valuation inputs into three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are based upon quoted market prices for identical assets or liabilities traded in active markets.
- Level 2 inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active or model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or the liability.
- Level 3 inputs are generally unobservable and typically require the reporting entity to develop its own estimates of assumptions that market participants would utilize in pricing the asset or liability. The fair values would be determined using various model-based techniques.

Cash, accounts receivable, promises to give, prepaid expenses, accounts payable, and short-term accrued expenses are reflected in the financial statements at historical value, which approximates fair value, because of the short-term duration of these instruments and are considered to be Level 1 inputs.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days.

Comparative Financial Information:
The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

SCRIPTURE UNION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued):

Donated Materials and Services:
Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Expense Allocation:
Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. 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.

Inventories:
Inventories are stated at the lower of cost (which approximates actual cost) or market value as determined by management.

Use of Estimates:
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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.

Income Tax Status:
The Organization is exempt from federal income tax 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).

Accounting for Uncertainty in Income Taxes:
The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken. Management has performed their evaluation and believes there are no uncertain tax positions that are required to be disclosed.

SCRIPTURE UNION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 – Summary of Significant Accounting Policies (Continued):

Promises to Give:
Unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment:
Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets. The Organization's capitalization policy is to capitalize property and equipment when the cost exceeds $1,000.

Date of Management Evaluation of Subsequent Events:
Management has evaluated subsequent events through December 6, 2018, the date on which the financial statements were available to be issued.

Note 2 – Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

Cash available for unrestricted purposes	$258,823
Restricted cash and cash equivalents unspent for the following:	
International Ministry funds	185,860
	$444,683

Restricted cash includes both temporarily restricted net assets and deferred revenue amounts applicable to International Ministry Support.

Note 3 – Accounts Receivable:

Trade accounts receivable includes all unpaid charges made from sales of publications and other material. The Organization considers receivables past due when invoices are open for more than 90 days. At year end there was $1,701 in past due receivables. Based on historical averages, an allowance for doubtful accounts was accrued in previous years in the amount of $800. Scripture Union will consider to write-off a past due accounts receivable once it becomes more than 120 days past due.

Note 4 – Promises to Give:

During the fiscal year ended June 30, 2015, the Organization was notified they were the beneficiary of a bequest. The amount due Scripture Union was estimated to be $390,000 based on correspondence with the executor of the estate; accordingly, the Organization recorded contribution income and a promise to give in the amount of $390,000. At June 30, 2017, the Organization was still owed $156,667 from the estate. Scripture Union collected the balance of all pledges that were due at June 30, 2017, including that from the estate, during the current year.

Note 5 – Property and Equipment:

Property and equipment consisted of the following:

Furniture and equipment	$ 163,260
Less accumulated depreciation	(148,976)
Property and Equipment, Net	$ 14,284

Depreciation expense for the year ending June 30, 2018 was $12,604.

Note 6 – Inventory:

Inventory consists of materials held for resale and are stated at average cost. The value of the unsold inventory which consists of pamphlets, Bible guides, and other publications was $52,680.

Note 7 – Due to Foundation:

During the fiscal year ended June 30, 2017, Scripture Union was awarded a project-specific grant in the amount of $200,000. As significant components of the project changed unexpectedly, funds were held in reserve while the project viability was reviewed. The $200,000 grant was returned to the foundation upon a final decision to alter the focus of the project in the current year. An updated grant request was submitted to the foundation and a $100,000 grant was received during the current fiscal year.

Note 8 – Line of Credit:

Scripture Union has a line of credit agreement from The Victory Bank with a borrowing capacity of $150,000. It is secured by a UCC filing on all business assets. Interest is due monthly on the outstanding balance at the bank's prime interest rate plus .75%. The current interest rate is 6%. The balance outstanding at June 30, 2018 was $0.

SCRIPTURE UNION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 9 – Loan Payable:

During the fiscal year ending June 30, 2016, Scripture Union entered into a loan agreement with a board member lending the Organization $25,000. During the prior fiscal year, the lender forgave $12,500 of the loan, leaving a balance of $12,500 at June 30, 2017. The lender forgave the remaining $12,500 during the current fiscal year.

Note 10 – Net Assets Released From Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

International Ministry Support	$ 372,164

Note 11 – Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

International Ministry Support	$ 149,259

Note 12 – Pension Plan and Retirement Benefits:

Scripture Union has a defined contribution retirement plan covering substantially all full-time salaried employees with at least two years of service and who have reached the age of 21.

Under the plan, each employee is provided with a retirement benefit as permitted by Section 403(b)7 of the Internal Revenue Code. Scripture Union contributed 2% to the plan for every eligible employee and an additional match up to 2% of the employee's contribution to the plan. Pension expense under this plan totaled $11,682.

Note 13 – Concentrations of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:

Scripture Union maintains all cash balances in a financial institution located in Pennsylvania. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. There are times throughout the year when the Organization's cash balances exceed the insured amount. The Organization has not incurred any losses due to its cash balance exceeding insured amounts and believes they are not exposed to any significant credit risk. As of June 30, 2018, the Organization's uninsured cash balances totaled $98,708.

Note 14 – Operating Lease Commitment: Office Space:

The Organization entered into an agreement with the University of Valley Forge in December of 2012 to lease office space at 1485 Valley Forge Road, Valley Forge, PA. With the original term of the lease set to expire on December 31, 2017, an agreement was entered into to extend the lease until December 31, 2019. Under the terms of the lease, the lessor is responsible for paying all utility bills relating to its space, with the exception of telephone and internet services. The amount of rent paid for the fiscal year ended June 30, 2018 was $33,206. Future lease payments are as follows:

Fiscal Year Ended June 30:	
2019	$32,856

Note 15 – Shipping and Handling Costs:

All shipping and handling costs are expensed when incurred and are presented in the statement of activities as a component of expenses. During the current year, the Organization incurred shipping and handling costs of $23,806.