# SCRIPTURE UNION
## (A Nonprofit Organization)

## FINANCIAL STATEMENTS
## YEAR ENDED JUNE 30, 2020

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A Professional Corporation
STYER ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

20 South School Lane
P.O. Box 64080
Souderton, PA 18964
Phone: 215-723-0974 • Fax: 215-723-1013
Website: www.styercpa.com

Gregory S. Ede, CPA

Timothy N. Clemmer, CPA

R. David Styer, CPA
1949–2015

# 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, 2020, 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 by 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, 2020, 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.

Styer Associates

STYER ASSOCIATES
Certified Public Accountants

Souderton, Pennsylvania
November 20, 2020

# SCRIPTURE UNION
## STATEMENT OF FINANCIAL POSITION
## JUNE 30, 2020

### ASSETS

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 107,953 |
| Restricted cash | | 228,642 |
| Accounts receivable | | 8,785 |
| Prepaid expenses | | 40,754 |
| Inventory | | 42,414 |
| Property and equipment - net | | 234 |
| **TOTAL ASSETS** | $ | 428,782 |

### LIABILITIES AND NET ASSETS

| | | |
|---|---|---|
| **Liabilities:** | | |
| Accounts payable and accrued expenses | $ | 37,449 |
| Accrued payroll and payroll taxes | | 560 |
| Deferred revenue | | 1,875 |
| Loan payable | | 10,000 |
| Total Liabilities | | 49,884 |
| **Net Assets:** | | |
| Without donor restrictions | | 150,256 |
| With donor restrictions | | 228,642 |
| Total Net Assets | | 378,898 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 428,782 |

(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, 2020**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Support and Revenue:** | | | |
| Support: | | | |
| Members' contributions | $ 447,708 | $ 375,401 | $ 823,109 |
| Conditional Contribution - Paycheck Protection Funding and Disaster Relief | 70,900 | | 70,900 |
| Foundations and grants | 20,000 | | 20,000 |
| Legacies and bequests | 2,722 | | 2,722 |
| Staff support | 182,903 | | 182,903 |
| Total Support | 724,233 | 375,401 | 1,099,634 |
| Revenue: | | | |
| Sale of Bible reading guides | 130,838 | | 130,838 |
| Investment earnings | 1,432 | | 1,432 |
| Other income | 18,799 | | 18,799 |
| Total Revenue | 151,069 | | 151,069 |
| Net assets released from restrictions (satisfaction of restrictions) | 426,261 | (426,261) | |
| **Total Support and Revenue** | 1,301,563 | (50,860) | 1,250,703 |
| **Expenses:** | | | |
| Program expenses: | | | |
| Bible reading ministry | 283,459 | | 283,459 |
| Children's ministry | 281,692 | | 281,692 |
| International ministry | 527,959 | | 527,959 |
| Total Program Expenses | 1,093,110 | | 1,093,110 |
| Supporting expenses: | | | |
| Management and general | 63,316 | | 63,316 |
| Fundraising | 138,681 | | 138,681 |
| Total Supporting Expenses | 201,997 | | 201,997 |
| **Total Expenses** | 1,295,107 | | 1,295,107 |
| **Change in Net Assets** | 6,456 | (50,860) | (44,404) |
| **Net Assets – Beginning of Year as Restated** | 143,800 | 279,502 | 423,302 |
| **Net Assets – End of Year** | $ 150,256 | $ 228,642 | $ 378,898 |

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

# SCRIPTURE UNION
## STATEMENT OF FUNCTIONAL EXPENSES – YEAR ENDED JUNE 30, 2020

| | Bible Reading Ministry | Children's Ministry | International Ministry | Total Program Expenses | Management and General | Fundraising | Total |
|---|---|---|---|---|---|---|---|
| Salaries and expenses | $ 99,765 | $ 177,502 | $ 66,835 | $ 344,102 | $ 29,284 | $ 60,151 | $ 433,537 |
| Benefits | 11,052 | 21,899 | 11,884 | 44,835 | 4,042 | 3,875 | 52,752 |
| Professional services | 6,226 | 4,826 | 144 | 11,196 | 9,801 | 15,451 | 36,448 |
| Bible guides and materials | 91,735 | 302 | 11 | 92,048 | 134 | 1,089 | 93,271 |
| Books and undated guides | 14,551 | 994 | | 15,545 | | | 15,545 |
| Postage and shipping | 7,101 | 7,288 | 1,518 | 15,907 | 1,211 | 9,295 | 26,413 |
| Printing and mailing | 1,465 | 175 | | 1,640 | 349 | 25,130 | 27,119 |
| Promotion and marketing | 2,831 | 132 | | 2,963 | | 3,726 | 6,689 |
| Grants made to related organizations | | | 438,292 | 438,292 | | | 438,292 |
| Rent | 10,153 | 19,785 | 2,067 | 32,005 | 2,206 | 5,055 | 39,266 |
| Telephone | 2,247 | 5,136 | 629 | 8,012 | 619 | 957 | 9,588 |
| Equipment and furniture | 1,526 | 1,275 | 370 | 3,171 | 440 | 902 | 4,513 |
| Leased equipment | 3,065 | 3,322 | 540 | 6,927 | 622 | 1,155 | 8,704 |
| Computer maintenance | 1,456 | 1,865 | 307 | 3,628 | 323 | 616 | 4,567 |
| Computer software | 5,429 | 6,730 | 1,131 | 13,290 | 915 | 3,031 | 17,236 |
| Insurance | 4,744 | 5,439 | 1,713 | 11,896 | 1,053 | 2,005 | 14,954 |
| Travel and conferences | 4,706 | 14,436 | 1,240 | 20,382 | 1,610 | 2,686 | 24,678 |
| Office | 2,928 | 2,889 | 767 | 6,584 | 2,037 | 932 | 9,553 |
| Payroll fees | 639 | 833 | 103 | 1,575 | 103 | 277 | 1,955 |
| Royalties | 450 | 514 | | 964 | | | 964 |
| Bank/PayPal fees | 1,323 | 1,359 | 311 | 2,993 | 799 | 1,017 | 4,809 |
| Credit card fees | 1,320 | 798 | 58 | 2,176 | 1,239 | 1,260 | 4,675 |
| Program materials | 99 | 3,998 | | 4,097 | | | 4,097 |
| Social media expenses | 8,249 | 136 | 26 | 8,411 | 26 | 52 | 8,489 |
| Bad debt expense | 352 | | | 352 | | | 352 |
| Depreciation | | | | | 6,383 | | 6,383 |
| Interest expense | 47 | 59 | 13 | 119 | 120 | 19 | 258 |
| **TOTAL EXPENSES** | $ 283,459 | $ 281,692 | $ 527,959 | $1,093,110 | $ 63,316 | $ 138,681 | $1,295,107 |

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

**SCRIPTURE UNION**
**STATEMENT OF CASH FLOWS**
**YEAR ENDED JUNE 30, 2020**

| | |
|---|---|
| **Cash Flows From Operating Activities:** | |
| Change in net assets | $ (44,404) |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | |
| Depreciation | 6,383 |
| (Increase) decrease in assets: | |
| Accounts receivable | (1,329) |
| Prepaid expenses | 1,831 |
| Inventory | 1,392 |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | (16,528) |
| Accrued payroll and payroll taxes | (6,311) |
| Deferred revenue | (1,605) |
| Net Cash Used By Operating Activities | (60,571) |
| **Cash Flows From Financing Activities:** | |
| Proceeds from line of credit | 86,157 |
| Payments on line of credit | (86,157) |
| Proceeds from Paycheck Protection Loan Program | 10,000 |
| Net Cash Provided By Financing Activities | 10,000 |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH** | (50,571) |
| **CASH AND CASH EQUIVALENTS AND RESTRICTED CASH – BEGINNING OF YEAR** | 387,166 |
| **CASH AND CASH EQUIVALENTS AND RESTRICTED CASH – END OF YEAR** | $ 336,595 |
| **Supplemental Disclosures:** | |
| Interest paid | $ 258 |

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

**SCRIPTURE UNION**
**NOTES TO FINANCIAL STATEMENTS**
**JUNE 30, 2020**

## 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.

Basis of Presentation:
The financial statements of Scripture Union are required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

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

# SCRIPTURE UNION
## NOTES TO FINANCIAL STATEMENTS
## JUNE 30, 2020

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

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.

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, 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.

Contributed Services:
Contributed services are recorded when a specialized skill is required and the person contributing the service has the specialized skill. No such services were contributed during the year ended June 30, 2020 and no amounts have been reflected in the financial statements for contributed services.

# SCRIPTURE UNION
## NOTES TO FINANCIAL STATEMENTS
## JUNE 30, 2020

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

Functional Expenses:
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.

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 November 20, 2020, the date on which the financial statements were available to be issued.

# SCRIPTURE UNION
## NOTES TO FINANCIAL STATEMENTS
## JUNE 30, 2020

**Note 2 – Cash and Cash Equivalents and Restricted Cash:**

Cash and cash equivalents consisted of the following:

| | |
|---|---|
| Cash and cash equivalents available for unrestricted purposes | $107,953 |
| Restricted cash and cash equivalents unspent for the following: | |
| International Ministry funds | 228,642 |
| | $336,595 |

**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 $3,145 in past due receivables. $2,166 of the past due receivables were collected by September 24, 2020. 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 account receivable once it becomes more than 120 days past due.

**Note 4 – Availability and Liquidity:**

Financial assets available for general expenditure, that is, without donor or other use restrictions, within one year of the balance sheet date, comprise the following:

| | |
|---|---|
| Cash and cash equivalents | $ 104,495 |
| Accounts receivable | 8,785 |
| | $ 113,280 |

**Note 5 – Property and Equipment:**

Property and equipment consisted of the following:

| | |
|---|---|
| Furniture and equipment | $ 163,260 |
| Less accumulated depreciation | 163,026 |
| | $ 234 |

Depreciation expense for the year ending June 30, 2020 was $6,383.

**SCRIPTURE UNION**
**NOTES TO FINANCIAL STATEMENTS**
**JUNE 30, 2020**

**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 $42,414.

**Note 7 – 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. The interest rate is 5% at June 30, 2020. The balance outstanding at June 30, 2020 was $0.

**Note 8 - Loan Payable Paycheck Protection Program:**

On April 15, 2020, the Organization received a Small Business Administration Paycheck Protection Program loan through Victory Bank due to the Covid-19 epidemic in the amount of $80,900. In addition, an Economic Injury Disaster Emergency Grant of $10,000 from the Small Business Administration was also obtained. Per SBA regulations, the Paycheck Protection Program loan will be forgiven if spent on allowable expenses which the Organization has done. The loan was forgiven on November 19, 2020. However, if both a Paycheck Protection Loan and an Economic Injury Disaster Emergency Grant were obtained, the loan forgiveness is reduced by the amount of the Grant. Due to receiving both funding sources, $10,000 of the Paycheck Protection Program Loan will be required to be paid back including interest at 1%. The balance at June 30, 2020 was $10,000.

Maturities of the loan are as follows:

| Year Ended June 30, | |
|---|---|
| 2021 | $ 4,088 |
| 2022 | 5,912 |
| | $ 10,000 |

Per AICPA nonprofit guidance, the amount of the forgiven funds on the Paycheck Protection Program loan is recognized as a conditional contribution.

**Note 9 – 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.................................................... $ 426,261

**SCRIPTURE UNION**
**NOTES TO FINANCIAL STATEMENTS**
**JUNE 30, 2020**

**Note 10 – Net Assets With Donor Restrictions:**

Net assets with donor restrictions are available for the following purposes:

| | |
|---|---|
| International Ministry Support | $ 228,642 |

**Note 11 – 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 $7,690.

**Note 12 – Concentrations of Credit Risk Arising From Cash Deposits in Excess of Insured Limits:**

Scripture Union maintains its cash balances in financial institutions 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, 2020, the Organization's uninsured cash balances totaled $49,977.

**Note 13 – Operating Lease Commitment: Office Space:**

The Organization entered into an agreement with the University of Valley Forge to lease office space. The original lease expired on December 31, 2019. The University has the property on the market for sale. Since December 31, 2019, the lease is on a month to month basis. 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 year ended June 30, 2020 was $39,266.

**Note 14 – 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 $26,413.

**SCRIPTURE UNION**
**NOTES TO FINANCIAL STATEMENTS**
**JUNE 30, 2020**

**Note 15 – Prior Period Adjustment:**

A prior period adjustment of $7,288 was made to Net Assets With Donor Restrictions to correct the balance.