



# SCRIPTURE UNION

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Morey Nee Buck & Oswald LLC  
Certified Public Accountants and Advisors



SCRIPTURE UNION  
JUNE 30, 2021

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# Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
SCRIPTURE UNION  
Valley Forge, Pennsylvania

We have audited the accompanying financial statements of Scripture Union (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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.

### ***Auditor's 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 auditor's 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 auditor considers 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.

1120 N Bethlehem Pike • Suite 107 • PO Box 459 • Springhouse, PA 19477 • Phone: 610-882-1000  
2571 Baglyos Circle • Suite B20 • Bethlehem, PA 18020 • Phone: 610-882-1000  
430 West 24<sup>th</sup> Street • Suite 1A • New York, NY 10011 • Phone: 212-741-5117  
[www.moreycpa.com](http://www.moreycpa.com)

### ***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, 2021, 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***

Scripture Union's 2020 financial statements were audited by other auditors and they expressed an unmodified opinion on those audited financial statements in a report dated November 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Morey, Nee, Buck & Oswald, LLC". The signature is written in a cursive, slightly slanted style.

Morey, Nee, Buck & Oswald, LLC  
Spring House, Pennsylvania  
October 8, 2021

SCRIPTURE UNION  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION  
AS OF JUNE 30, 2020

	<u>2021</u>	<u>2020</u>
<u>Assets:</u>		
Cash and cash equivalents	\$ 113,685	\$ 107,953
Restricted cash	371,636	228,642
Accounts receivable	7,413	8,785
Employee retention credit receivable	131,881	-
Prepaid expenses	39,267	40,754
Inventory	48,983	42,414
Property and equipment, net	<u>-</u>	<u>234</u>
Total assets	<u>\$ 712,865</u>	<u>\$ 428,782</u>
<u>Liabilities and net assets:</u>		
Accounts payable and accrued expenses	\$ 58,172	\$ 37,449
Accrued payroll and payroll taxes	883	560
Deferred revenue	1,980	1,875
Loan payable	<u>150,000</u>	<u>10,000</u>
Total liabilities	<u>211,035</u>	<u>49,884</u>
<u>Net assets:</u>		
Without donor restrictions	130,194	150,256
With donor restrictions	<u>371,636</u>	<u>228,642</u>
Total net assets	<u>501,830</u>	<u>378,898</u>
Total liabilities and net assets	<u>\$ 712,865</u>	<u>\$ 428,782</u>

The accompanying notes are an integral part of these financial statements.

SCRIPTURE UNION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	Totals <u>2021</u>	Totals <u>2020</u>
<u>Revenues, gains and other support:</u>				
Members' contributions	\$ 473,763	\$ 475,589	\$ 949,352	\$ 823,109
EIDL advanced grant	10,000	-	10,000	70,900
Employee retention credit	131,881	-	131,881	-
Foundations and grants	5,000	-	5,000	20,000
Legacies and bequests	46,986	-	46,986	2,722
Staff support	<u>137,915</u>	<u>-</u>	<u>137,915</u>	<u>182,903</u>
Total support	805,545	475,589	1,281,134	1,099,634
Sale of Bible reading guides	108,415	-	108,415	130,838
Investment earnings	1,517	-	1,517	1,432
Other income	21,715	-	21,715	18,799
Net assets released from restrictions:				
Satisfaction of restrictions	<u>332,595</u>	<u>(332,595)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>1,269,787</u>	<u>142,994</u>	<u>1,412,781</u>	<u>1,250,703</u>
<u>Expenses:</u>				
Bible reading ministry	289,043	-	289,043	283,459
Children's ministry	337,997	-	337,997	281,692
International ministry	<u>440,179</u>	<u>-</u>	<u>440,179</u>	<u>527,959</u>
Total program expenses	<u>1,067,219</u>	<u>-</u>	<u>1,067,219</u>	<u>1,093,110</u>
Management and general	61,536	-	61,536	63,316
Fund raising	<u>161,094</u>	<u>-</u>	<u>161,094</u>	<u>138,681</u>
Total expenses	<u>1,289,849</u>	<u>-</u>	<u>1,289,849</u>	<u>1,295,107</u>
Change in net assets	(20,062)	142,994	122,932	(44,404)
Net assets, beginning of year	<u>150,256</u>	<u>228,642</u>	<u>378,898</u>	<u>423,302</u>
Net assets, end of year	<u>\$ 130,194</u>	<u>\$ 371,636</u>	<u>\$ 501,830</u>	<u>\$ 378,898</u>

The accompanying notes are an integral part of these financial statements.

SCRIPTURE UNION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

	Bible Reading <u>Ministry</u>	Children's International <u>Ministry</u>	<u>Ministry</u>	Management <u>and General</u>	Fund <u>Raising</u>	2021 <u>Totals</u>	2020 <u>Totals</u>
Salaries and housing	\$ 118,627	\$ 204,144	\$ 71,874	\$ 34,464	\$ 83,121	\$ 512,230	\$ 433,537
Benefits	14,771	26,446	13,942	6,161	6,744	68,064	52,752
Professional services	1,360	250	-	7,666	4,840	14,116	36,448
Bible guides and materials, net	90,342	2,500	-	105	2,004	94,951	93,271
Books and undated guides	2,053	25,134	-	-	7,802	34,989	15,545
Postage and shipping	9,954	7,352	1,052	1,135	24,938	44,431	26,413
Printing and mailing	513	-	-	-	136	649	27,119
Promotion and marketing	4,892	87	-	-	5,501	10,480	6,689
Regional fundraisers	-	300	-	-	4,140	4,440	-
Grants made to related Organizations	-	-	344,625	-	-	344,625	438,292
Rent	10,153	19,262	2,067	2,206	5,055	38,743	39,266
Telephone	3,204	5,073	782	731	1,365	11,155	9,588
Equipment and furniture	1,010	2,060	228	1,372	499	5,169	4,513
Leased equipment	3,630	2,943	676	686	1,081	9,016	8,704
Computer maintenance	2,654	3,649	546	538	1,055	8,442	4,567
Computer software	6,363	9,341	1,737	1,058	4,893	23,392	17,236
Insurance	5,126	6,082	1,174	1,072	1,990	15,444	14,954
Travel and conferences	810	4,586	320	513	3,360	9,589	24,678
Office	2,635	2,682	389	2,053	802	8,561	9,553
Payroll Fees	621	680	129	127	258	1,815	1,955
Royalties	180	594	-	-	-	774	964
Bank / Pay Pal fees	1,868	2,317	381	375	735	5,676	4,809
Credit card fees	857	992	181	178	353	2,561	4,675
Program materials	-	10,674	-	-	-	10,674	4,097
Social media expense	7,045	385	-	-	274	7,704	8,489
Bad debt expense	-	-	-	-	-	-	352
Depreciation	-	-	-	234	-	234	6,383
Interest expense	<u>375</u>	<u>464</u>	<u>76</u>	<u>862</u>	<u>148</u>	<u>1,925</u>	<u>258</u>
Totals	<u>\$ 289,043</u>	<u>\$ 337,997</u>	<u>\$ 440,179</u>	<u>\$ 61,536</u>	<u>\$ 161,094</u>	<u>\$ 1,289,849</u>	
Prior Year Totals	<u>\$ 283,459</u>	<u>\$ 281,692</u>	<u>\$ 527,959</u>	<u>\$ 63,316</u>	<u>\$ 138,681</u>		<u>\$ 1,295,107</u>

The accompanying notes are an integral part of these financial statements.

SCRIPTURE UNION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021  
WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2021</u>	<u>2020**</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 122,932	\$ (44,404)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	234	6,383
Bad debt	-	352
EIDL advance grant	(10,000)	-
PPP loan forgiveness	-	(70,900)
(Increase) decrease in accounts receivable	1,372	(1,681)
(Increase) decrease in employee retention credit receivable	(131,881)	-
(Increase) decrease in prepaid expenses	1,487	1,831
(Increase) decrease in inventory	(6,569)	1,392
Increase (decrease) in accounts payable	20,723	(16,528)
Increase (decrease) in deferred revenue	105	(1,605)
Increase (decrease) in accrued payroll and taxes	<u>323</u>	<u>(6,311)</u>
Net cash (used) by operating activities	<u>(1,274)</u>	<u>(131,471)</u>
<u>Cash flows from financing activities</u>		
Proceeds from line of credit	-	86,157
Payments to line of credit	-	(86,157)
Proceeds from PPP loan	-	70,900
Proceeds from EIDL advance grant	-	10,000
Proceeds from EIDL loan	<u>150,000</u>	<u>-</u>
Net cash provided by financing activities	<u>150,000</u>	<u>80,900</u>
Net increase (decrease) in cash and cash equivalents	148,726	(50,571)
Cash, cash equivalents, and restricted cash, beginning of year	<u>336,595</u>	<u>387,166</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 485,321</u>	<u>\$ 336,595</u>
Supplementary data:		
Interest paid	<u>\$ 894</u>	<u>\$ 258</u>

\*\* Prior year restated to conform to current year presentation.

The accompanying notes are an integral part of these financial statements.



SCRIPTURE UNION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

Scripture Union (“Organization”) is a Christian 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 programs; 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies of Scripture Union are as follows:

*BASIS OF ACCOUNTING*

The financial statements of the Organization 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*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board under which the Organization is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at the Board’s discretion; and net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time.

*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 90 days or less.

*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, 2020, from which the summarized information was derived.

*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.

SCRIPTURE UNION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

*EXPENSE ALLOCATION*

The financial statements report certain categories of expenses that are attributable to the Organization's programs or its supporting services, management and general or fundraising. Those expenses include salaries and housing, rent, insurance, computer software, and various other expenses. Salaries and housing are allocated based on time and efforts studies of employees. Rent is allocated based on estimated usage of their facility. Insurance, computer software, and other various expenses are allocated based on actual or estimated usage.

*INVENTORIES*

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the average cost method, and net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

*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. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. 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 unrecognized tax positions that are required to be disclosed.

The Organization's policy is to classify income tax related interest and penalties, if any, in interest expense and other expenses, respectively.

*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 primarily 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.

SCRIPTURE UNION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consisted of the following:

Cash available for unrestricted purposes	\$ 113,685
Restricted cash and cash equivalents unspent for the following:	
International Ministry funds	<u>371,636</u>
Total	<u>\$ 485,321</u>

**3. ACCOUNTS RECEIVABLE**

Trade accounts receivable includes all unpaid charges made from sales of publications and other materials. The Organization considers receivables past due when invoices are open for more than 90 days. At year-end there was roughly \$2,371 in past due receivables. \$1,651 of the past due receivables were collected by September 15, 2021. Based on historical averages, an allowance for doubtful accounts was accrued 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.

**4. AVAILABILITY AND LIQUIDITY**

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

Cash and cash equivalents	\$ 113,685
Accounts receivable	<u>7,413</u>
Total	<u>\$ 121,098</u>

As part of the Organizations liquidity management, it has a policy to structure its financial assets to be available as it's general expenditures, liabilities and other obligations come due.

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from revenue items.

The employer retention credit receivable is not included in the schedule above. While hopeful to receive the funds in the fiscal year ending June 30, 2022, it is not guaranteed that the IRS will disburse the funds by then.

SCRIPTURE UNION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

Furniture and equipment	\$ 163,260
Less accumulated depreciation	<u>(163,260)</u>

Property and equipment, net	<u><u>\$ -</u></u>
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Depreciation charged to expense for the year totaled \$234.

**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 \$48,983.

**7. LINE OF CREDIT**

The Organization 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 and was renewed on December 29, 2020 with a stated interest rate of 5%. The balance outstanding at June 30, 2021 was \$0.

**8. ECONOMIC INJURY AND DISASTER LOAN**

The Organization entered into a \$150,000 loan agreement on March 18, 2021 with the U.S. Small Business Administration. This loan is for 30 years. Interest will accrue at a rate of 2.75% per annum and monthly payments are \$641. Monthly payments will begin 12 months from the date of the promissory note. The loan is collateralized by all tangible and intangible personal property held by the Organization. The balance at June 30, 2021 was \$150,000. Future minimum loan payments are:

Maturities on the mortgage payable are as follows for the years ending June 30:

2022	\$ 3,003
2023	3,696
2024	3,799
2025	3,905
2026	4,013
2027 and thereafter	<u>131,584</u>
	<u><u>\$ 150,000</u></u>

SCRIPTURE UNION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**9. ECONOMIC INJURY AND DISASTER ADVANCE GRANT**

In the fall of 2020, Congress passed legislation to recognize the EIDL Advance as a grant that does not have to be repaid. In the prior year, the Organization recorded the EIDL Advance as a loan to be repaid. Due to new legislation, this loan was reclassified as income in the current year.

**10. EMPLOYEE RETENTION CREDIT**

As a result of the COVID-19 pandemic, the IRS developed the Employee Retention Credit (ERC) to help businesses who maintained employees by providing a refundable credit. The credit is based on qualified wages and eligibility can be obtained by either having operations suspended due to government orders or seeing specific declines in gross receipts. The Organization met the requirements for it and applied for the credit in the amount of \$131,881 during the fiscal year ended June 30, 2021. As of the date of this report, the Organization still has not received the funds from the credit.

**11. 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	<u>\$ 332,595</u>
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**12. NET ASSETS WITH DONOR RESTRICTIONS**

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

International Ministry Support	<u>\$ 371,636</u>
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**13. PENSION PLAN AND RETIREMENT BENEFITS**

The Organization 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 \$7,310.

SCRIPTURE UNION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

**14. CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization 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, 2021, the Organization's uninsured cash balance totaled \$223,571.

**15. 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. As of 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, except for telephone and internet services. The amount of rent paid for the year ended June 30, 2021 was \$38,744.

**16. 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 \$44,431.

**17. SIGNIFICANT UNCERTAINTY**

The COVID-19 outbreak in the United States and world-wide has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The related financial impact and duration cannot be reasonably estimated at this time.

**18. SUBSEQUENT EVENTS**

Management has evaluated subsequent events and transactions through October 8, 2021, which is the date on which the financial statements were available to be issued.

The Organization requested an additional \$350,000 for the Economic Injury and Disaster loan through the U.S. Small Business Administration. On August 9, 2021, they received a notice from the U.S. Small Business Administration stating they received an additional \$259,099, for a total loan balance of \$409,099.