

GOSPELINK, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gospelink, Inc.
Lynchburg, Virginia

We have audited the accompanying financial statements of Gospelink, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

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 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.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gospelink, Inc. as of December 31, 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.

J. Moore & Company, P.C.

J. MOORE & COMPANY, P.C.

Roanoke, Virginia
July 21, 2021

GOSPELINK, INC.
 STATEMENT OF FINANCIAL POSITION
 AS OF DECEMBER 31, 2020

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,709,715
Prepaid expense - mission supplies	<u>20,400</u>
Total current assets	<u>1,730,115</u>
Investments	<u>8,354</u>
Fixed Assets	
Land	52,103
Building	250,626
Office equipment	<u>59,593</u>
	362,322
Less accumulated depreciation	(89,165)
Net fixed assets	<u>273,157</u>
Other Assets	
Loan costs, net	1,023
Security deposit	756
Jewelry investment	<u>4,025</u>
Total other assets	<u>5,804</u>
Total assets	<u><u>2,017,430</u></u>

LIABILITIES and NET ASSETS

Current Liabilities	
Current portion of long-term debt	18,730
Accounts payable	7,261
Accrued interest payable	483
Payroll taxes payable	<u>2,697</u>
Total current liabilities	<u>29,171</u>
Long-term debt, net of current portion	<u>99,953</u>
Total liabilities	<u>129,124</u>
Net Assets	
Without donor restrictions	310,867
With donor restrictions	<u>1,577,439</u>
Total net assets	<u>1,888,306</u>
Total liabilities and net assets	\$ <u><u>2,017,430</u></u>

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

GOSPELINK, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
General contributions	\$ 1,180,222	-	1,180,222
Mission contributions	-	2,290,161	2,290,161
Trip support income	-	38,306	38,306
Bible College income	-	530,508	530,508
Malawi Agricultural Center income	-	179,021	179,021
Other income	1,446	6,101	7,547
Interest/dividend income	5,830	17	5,847
Realized gain on investments	20,617	-	20,617
Unrealized loss on investments	(1,625)	-	(1,625)
Forgiveness of paycheck protection program (PPP) loan	156,500	-	156,500
Satisfaction of program restrictions	<u>2,759,032</u>	<u>(2,759,032)</u>	<u>-</u>
Total support	<u>4,122,022</u>	<u>285,082</u>	<u>4,407,104</u>
Expenses			
Program expense	3,307,605	-	3,307,605
Management and general	324,392	-	324,392
Fundraising expense	<u>204,753</u>	<u>-</u>	<u>204,753</u>
Total expenses	<u>3,836,750</u>	<u>-</u>	<u>3,836,750</u>
Increase in net assets	285,272	285,082	570,354
Net assets, beginning	<u>25,595</u>	<u>1,292,357</u>	<u>1,317,952</u>
Net assets, ending	\$ <u>310,867</u>	<u>1,577,439</u>	<u>1,888,306</u>

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

GOSPELINK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Expense</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Mission Expenses				
National missionary assistance	\$ 2,095,482	-	-	2,095,482
Short-term mission trips	26,754	-	-	26,754
Zambia Bible College	455,126	-	-	455,126
Malawi Agricultural Center	158,410	-	-	158,410
United States personnel missions expense	12,335	-	-	12,335
Other mission expenses	<u>81</u>	<u>-</u>	<u>-</u>	<u>81</u>
Total mission expenses	<u>2,748,188</u>	<u>-</u>	<u>-</u>	<u>2,748,188</u>
Personnel Costs				
Salaries and wages	392,024	267,185	175,218	834,427
Payroll taxes	7,723	6,313	2,945	16,981
Commissions	<u>88,095</u>	<u>-</u>	<u>-</u>	<u>88,095</u>
Total personnel costs	<u>487,842</u>	<u>273,498</u>	<u>178,163</u>	<u>939,503</u>
Administrative Expenses				
Bank fees	20,569	7,346	1,469	29,384
Depreciation and amortization	4,095	2,457	1,638	8,190
Dues and subscriptions	4,031	5,758	1,728	11,517
Insurance	3,936	2,362	1,575	7,873
Interest	3,312	1,987	1,325	6,624
Meetings and travel expense	10,265	8,006	4,996	23,267
Office rent	1,802	1,261	541	3,604
Office supplies and expense	3,610	1,472	1,270	6,352
Postage and shipping	12,118	808	3,231	16,157
Printing	3,843	1,145	1,144	6,132
Professional fees	-	16,049	4,636	20,685
Promotion	62	63	391	516
Repairs and maintenance	996	598	398	1,992
Telephone	1,789	894	1,789	4,472
Utilities	<u>1,147</u>	<u>688</u>	<u>459</u>	<u>2,294</u>
Total administrative expenses	<u>71,575</u>	<u>50,894</u>	<u>26,590</u>	<u>149,059</u>
Total	\$ <u>3,307,605</u>	<u>324,392</u>	<u>204,753</u>	<u>3,836,750</u>

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

GOSPELINK, INC.
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:

Increase in net assets	\$ 570,354
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	8,190
Gain on sale of investments	(20,617)
Unrealized loss on investments	1,625
Changes in assets and liabilities:	
Increase in security deposit	(756)
Increase in accounts payable	3,025
Decrease in accrued interest payable	(84)
Increase in payroll taxes payable	<u>1,595</u>
Net cash provided by operating activities	<u>563,332</u>

Cash Flows From Investing Activities:

Purchases of investments	(32,498)
Proceeds from sale of investments	<u>43,136</u>
Net cash provided by investing activities	<u>10,638</u>

Cash Flows From Financing Activities:

Principal payments on note payable	(<u>20,787</u>)
Increase in cash and cash equivalents	553,183
Cash and cash equivalents, beginning of year	<u>1,156,532</u>
Cash and cash equivalents, end of year	\$ <u><u>1,709,715</u></u>

Supplemental disclosure of cash flow information:

Cash paid during the year for:	
Interest	\$ <u><u>6,708</u></u>

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

GOSPELINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization

Gospelink, Inc. (the "Organization") is organized as a not-for-profit corporation under the laws of the State of Georgia and was formed April 22, 1998. The Organization is located in Lynchburg, Virginia and was established for the purpose of advancing the gospel throughout the world by soliciting donations that will be used to fund national missionaries worldwide. The Organization functions as an intermediary to locate and assist national missionaries primarily through financial sponsorships. In addition, the Organization provides short-term mission trips for individuals to work with national missionaries.

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). Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments with a maturity of three months or less to be cash and cash equivalents.

The Organization maintains bank accounts at various banks. Accounts at the banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had approximately \$105,000 in uninsured cash balances as of December 31, 2020.

Investments

The Organization records investments at fair value in the statement of financial position. Realized and unrealized gains(losses) are included in the statement of activities and changes in net assets.

GOSPELINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Fixed assets are stated at cost, or if donated, at estimated fair market value on the date of the donation. It is the policy of the Organization to record in-kind donations of fixed assets as unrestricted support unless the donor has restricted the donated asset to a specific purpose. There are no donor or legal limitations on the use of donated fixed assets, nor on the proceeds from the disposal of such assets. The Organization's land and building are pledged as collateral for the Organization's note payable (see Note 2).

The Organization currently capitalizes all assets with a useful life in excess of one year. The Organization uses the straight-line method for depreciation over the estimated useful lives of their assets as follows:

	<u>Years</u>
Building	40
Vehicle	5
Office equipment	5-10

None of the property and equipment is impaired or is being held for disposal. Depreciation expense for the year was \$8,076.

Net Assets

In accordance with U.S. GAAP, the Organization's net assets are classified into two categories; net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions - Those resources not subject to donor-imposed restrictions. The Organization and the board of directors have discretionary control over these resources.

Net assets with donor restrictions - Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or by the passage of time. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

GOSPELINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor restrictions (continued) - The net assets as of December 31, 2020 consist of \$1,548,685 cash, \$8,354 stock investment and \$20,400 of mission supplies to be used for various mission activities in years subsequent to December 31, 2020.

Contribution Recognition

Contributions, including any unconditional promises to give, are recorded as made. In-kind contributions are recorded at their estimated fair market value on the date of contribution. All contributions are available for unrestricted use unless specifically restricted by the donor. There were no unconditional promises to give (pledges receivable) as of December 31, 2020.

Contributed Services

The Organization receives a substantial amount of services donated by volunteers who assist in the Organization's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition in accordance with accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses

The cost of providing program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated to the program and supporting services.

Fair Value Disclosures

The carrying amounts reflected in the statement of financial position for all current assets and liabilities approximate their respective fair values due to their short maturities.

GOSPELINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)3) of the Internal Revenue Code, and had no unrelated business income for the year ended December 31, 2020. On February 20, 2020, the Organization received a tax determination letter that gave them the classification as a church or an association of churches under IRC Section 170(b)(1)(A)(i). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is no longer subject to income tax examinations by taxing authorities for any tax years ending on or before December 31, 2017.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

Advertising costs of \$516 were expensed as incurred.

Compensated Absences

Compensated absences for paid vacation, sick days, and personal days off have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

Liquidity

The Organization maintains a liquid cash balance in checking and money market accounts in an amount necessary to meet its anticipated expenditures for the next 30 days.

The Organization's financial assets available within one year to meet cash needs for general expenditures through December 31, 2021 is cash and cash equivalents of \$1,709,715.

GOSPELINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2. FAIR VALUE MEASUREMENT

The following method was used by the Organization in estimating the fair value of investments. As defined in FASB Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The \$8,354 investment held at December 31, 2020 is a domestic equity security measured using Level 1 inputs.

NOTE 3. LONG-TERM DEBT

Long-term debt consist of the following:

Note payable to a bank, payable in monthly installments of \$2,025, including principal and interest at 5.05% through December 31, 2029, secured by real property.	\$ 118,683
Less current portion	<u>18,730</u>
Long-term debt, net of current portion	\$ <u><u>99,953</u></u>

Maturities of long-term debt are as follows:

<u>December 31,</u>	<u>Amount</u>
2021	\$ 18,730
2022	19,698
2023	20,717
2024	21,787
2025	22,913
Thereafter	<u>14,838</u>
Total	\$ <u><u>118,683</u></u>

GOSPELINK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4. OPERATING LEASE COMMITMENT

The Organization is under a noncancellable operating lease for office space in West Palm Beach, FL. The lease expires on November 30, 2021 with automatic six month renewals. For the year ended December 31, 2020, rental expense recognized under the lease was \$3,604. Future minimum payments under the lease through November 30, 2021 is \$6,001.

NOTE 5. PAYCHECK PROTECTION PROGRAM LOAN

The Organization received a loan from First Bank & Trust Company in the amount of \$156,500 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 15, 2020 and was forgiven on December 10, 2020 since the loan proceeds were used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan forgiveness is included in the statement of activities and changes in net assets for the year ended December 31, 2020.

NOTE 6. SUBSEQUENT EVENTS

Management evaluated possible subsequent events through July 21, 2021, which is the date the financial statements were available for issue. No significant events affecting the financial statements were identified.