

IN TOUCH MINISTRIES, INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

IN TOUCH MINISTRIES, INC. AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
In Touch Ministries, Inc. and Affiliates

We have audited the accompanying combined financial statements of In Touch Ministries, Inc. and Affiliates (collectively, the "Ministry"), which comprise the combined statements of financial position as of September 30, 2020 and 2019, and the related combined statements of activities and cash flows for the years 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 the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

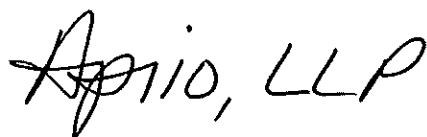
Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Ministry's preparation and fair presentation of the combined 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 Ministry'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of In Touch Ministries, Inc. and Affiliates as of September 30, 2020 and 2019, and the results of its changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Atlanta, Georgia

November 18, 2020

IN TOUCH MINISTRIES, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,

ASSETS

| | 2020 | 2019 |
|-----------------------------------|--------------------------|--------------------------|
| <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | \$ 21,585,730 | \$ 18,715,669 |
| Investments, at fair value | 89,025,266 | 64,438,596 |
| Bequests and other receivables | 1,037,096 | 1,043,860 |
| Inventories | 1,119,975 | 1,353,753 |
| Prepaid expenses and other assets | <u>4,014,869</u> | <u>3,655,946</u> |
| Total current assets | <u>116,782,936</u> | <u>89,207,824</u> |
| PROPERTY AND EQUIPMENT, net | <u>53,787,918</u> | <u>56,980,254</u> |
| <u>OTHER ASSETS</u> | | |
| Charitable gift annuity assets | 5,817,122 | 5,890,564 |
| Charitable remainder trust assets | 340,287 | 407,447 |
| Investment in real estate, net | 2,335,013 | 2,493,724 |
| Other non-current assets | <u>46,478</u> | <u>45,037</u> |
| Total other assets | <u>8,538,900</u> | <u>8,836,772</u> |
| TOTAL ASSETS | <u>\$179,109,754</u> | <u>\$155,024,850</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|--------------------------|--------------------------|
| <u>CURRENT LIABILITIES</u> | | |
| Accounts payable | \$ 3,434,009 | \$ 4,877,491 |
| Accrued expenses | 848,112 | 567,534 |
| Annuities payable, current portion | <u>459,231</u> | <u>483,693</u> |
| Total current liabilities | <u>4,741,352</u> | <u>5,928,718</u> |
| <u>LONG-TERM LIABILITIES</u> | | |
| Charitable remainder trust beneficial interests | 212,258 | 255,501 |
| Annuities payable, net of current portion | <u>4,400,193</u> | <u>4,659,209</u> |
| Total long-term liabilities | <u>4,612,451</u> | <u>4,914,710</u> |
| TOTAL LIABILITIES | <u>9,353,803</u> | <u>10,843,428</u> |
| <u>COMMITMENTS AND CONTINGENCIES</u> | | |
| <u>NET ASSETS</u> | | |
| <u>Without Donor restrictions:</u> | | |
| Undesignated | \$114,875,781 | \$ 86,295,078 |
| Equity in property and equipment | <u>53,787,918</u> | <u>56,980,254</u> |
| | 168,663,699 | 143,275,332 |
| <u>With Donor Restrictions:</u> | <u>1,092,252</u> | <u>906,090</u> |
| Total net assets | <u>169,755,951</u> | <u>144,181,422</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$179,109,754</u> | <u>\$155,024,850</u> |

See accompanying notes to the combined financial statements

IN TOUCH MINISTRIES, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30,

| | 2020 | | | 2019 | | |
|---|-------------------------------|----------------------------|-----------------------|-----------------------|----------------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Restrictions | With Donor Restrictions | Total |
| REVENUE AND SUPPORT | | | | | | |
| Contributions | \$ 106,034,555 | \$ 46,064 | \$ 106,080,619 | \$ 95,569,909 | \$ 37,482 | \$ 95,607,391 |
| Bequests | 8,307,061 | - | 8,307,061 | 5,334,843 | - | 5,334,843 |
| Merchandise sales | 1,083,501 | - | 1,083,501 | 923,144 | - | 923,144 |
| Interest and dividends | 2,413,887 | - | 2,413,887 | 2,415,019 | - | 2,415,019 |
| Realized gains (losses) on investments, annuity, and trust assets, net | 12,060 | - | 12,060 | (19,824) | - | (19,824) |
| Change in value of annuity and trust agreements | - | (166,974) | (166,974) | - | (205,304) | (205,304) |
| Gain (Loss) on disposal of assets | 61,993 | - | 61,993 | (91,610) | - | (91,610) |
| Other | 4,223,599 | - | 4,223,599 | 2,975,878 | - | 2,975,878 |
| Total revenue and support | <u>122,136,656</u> | <u>(120,910)</u> | <u>122,015,746</u> | <u>107,107,359</u> | <u>(167,822)</u> | <u>106,939,537</u> |
| RECLASSIFICATIONS | | | | | | |
| Net assets released by satisfaction or (required) for purpose restrictions | <u>(307,072)</u> | <u>307,072</u> | <u>-</u> | <u>(204,609)</u> | <u>204,609</u> | <u>-</u> |
| EXPENSES | | | | | | |
| Program services | | | | | | |
| Teaching ministries through broadcast, print and digital media | <u>90,950,078</u> | <u>-</u> | <u>90,950,078</u> | <u>83,944,395</u> | <u>-</u> | <u>83,944,395</u> |
| Supporting services | | | | | | |
| General and administrative | 5,558,682 | - | 5,558,682 | 5,714,865 | - | 5,714,865 |
| Fundraising | 1,158,743 | - | 1,158,743 | 1,083,000 | - | 1,083,000 |
| Total supporting services | <u>6,717,425</u> | <u>-</u> | <u>6,717,425</u> | <u>6,797,865</u> | <u>-</u> | <u>6,797,865</u> |
| Total expenses | <u>97,667,503</u> | <u>-</u> | <u>97,667,503</u> | <u>90,742,260</u> | <u>-</u> | <u>90,742,260</u> |
| Unrealized gain (loss) on investments, real estate, annuity and trust assets, net | <u>1,226,286</u> | <u>-</u> | <u>1,226,286</u> | <u>519,526</u> | <u>-</u> | <u>519,526</u> |
| Change in net assets | 25,388,367 | 186,162 | 25,574,529 | 16,680,016 | 36,787 | 16,716,803 |
| Net assets, beginning of year | <u>143,275,332</u> | <u>906,090</u> | <u>144,181,422</u> | <u>126,595,316</u> | <u>869,303</u> | <u>127,464,619</u> |
| Net assets, end of year | <u>\$ 168,663,699</u> | <u>\$ 1,092,252</u> | <u>\$ 169,755,951</u> | <u>\$ 143,275,332</u> | <u>\$ 906,090</u> | <u>\$ 144,181,422</u> |

See accompanying notes to the combined financial statements

IN TOUCH MINISTRIES, INC. AND AFFILIATES
 COMBINED STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED SEPTEMBER 30,

| | 2020 | 2019 |
|---|---------------|---------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in net assets | \$ 25,574,529 | \$ 16,716,803 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | | |
| Depreciation | 4,499,242 | 5,006,340 |
| Amortization of prepaid lease | 300,580 | 240,464 |
| Net realized (gains) losses on investments, annuity and trust assets | (12,060) | 19,824 |
| Net unrealized (gains) losses on investments, annuity and trust assets | (1,260,216) | (475,492) |
| Net unrealized (gain) loss on investment in real estate contributed | 33,930 | (44,034) |
| Noncash contributions | (175,005) | (367,168) |
| Actuarial change and establishment of annuity payable | 247,355 | 219,419 |
| Loss (gain) on disposal of assets | (61,993) | 91,610 |
| Changes in other assets and liabilities: | | |
| Inventories | 233,778 | (363,024) |
| Bequests and other receivables | 6,764 | (1,291) |
| Prepaid expenses and other assets | (660,944) | (817,924) |
| Accounts payable | (1,443,482) | 512,369 |
| Payments for annuity and trust payables | (574,076) | (548,696) |
| Accrued expenses | 280,578 | (523,895) |
| Net cash provided by operating activities | 26,988,980 | 19,665,305 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Acquisition of property and equipment | (1,283,533) | (2,924,127) |
| Proceeds from disposal of property and equipment | 12,250 | 1,747,921 |
| Proceeds from disposal of investment in real estate | 151,151 | 2,470,112 |
| Net purchases of investments, annuity, and trust assets | (22,998,787) | (19,781,133) |
| Net cash used for investing activities | (24,118,919) | (18,487,227) |
| Net increase in cash and cash equivalents | 2,870,061 | 1,178,078 |
| Cash and cash equivalents, beginning of year | 18,715,669 | 17,537,591 |
| Cash and cash equivalents, end of year | \$ 21,585,730 | \$ 18,715,669 |

See accompanying notes to the combined financial statements

SUPPLEMENTAL INFORMATION

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

To the Board of Directors
In Touch Ministries, Inc. and Affiliates

We have audited the combined financial statements of In Touch Ministries, Inc. and Affiliates (collectively, the "Ministry") as of and for the years ended September 30, 2020 and 2019, and our report dated November 18, 2020, which expressed an unqualified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining statements of financial position as of September 30, 2020 and 2019, and the combining statements of activities for the years ended September 30, 2020 and 2019, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Aprio, LLP

Atlanta, Georgia

November 18, 2020

IN TOUCH MINISTRIES, INC. AND AFFILIATES
COMBINING STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

| | 2020 | | | 2019 | | |
|---|-----------------------|----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| | ITM | ITF | Combined | ITM | ITF | Combined |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 17,186,304 | \$ 4,399,426 | \$ 21,585,730 | \$ 14,709,656 | \$ 4,006,013 | \$ 18,715,669 |
| Investments, at fair value | 49,902,107 | 39,123,159 | 89,025,266 | 39,588,947 | 24,849,649 | 64,438,596 |
| Bequests and other receivables, net | 611,995 | 425,101 | 1,037,096 | 880,630 | 163,230 | 1,043,860 |
| Inventories | 1,119,975 | - | 1,119,975 | 1,353,753 | - | 1,353,753 |
| Prepaid expenses and other assets | 3,972,059 | 42,810 | 4,014,869 | 3,595,340 | 60,606 | 3,655,946 |
| Total current assets | <u>72,792,440</u> | <u>43,990,496</u> | <u>116,782,936</u> | <u>60,128,326</u> | <u>29,079,498</u> | <u>89,207,824</u> |
| PROPERTY AND EQUIPMENT, net | <u>53,787,918</u> | <u>-</u> | <u>53,787,918</u> | <u>56,980,254</u> | <u>-</u> | <u>56,980,254</u> |
| OTHER ASSETS | | | | | | |
| Charitable gift annuity assets | 281,117 | 5,536,005 | 5,817,122 | 284,804 | 5,605,760 | 5,890,564 |
| Charitable remainder trust assets | - | 340,287 | 340,287 | - | 407,447 | 407,447 |
| Investment in real estate, net | 1,696,130 | 638,883 | 2,335,013 | 1,831,468 | 662,256 | 2,493,724 |
| Other non-current assets | - | 46,478 | 46,478 | - | 45,037 | 45,037 |
| Total other assets | <u>1,977,247</u> | <u>6,561,653</u> | <u>8,538,900</u> | <u>2,116,272</u> | <u>6,720,500</u> | <u>8,836,772</u> |
| TOTAL ASSETS | <u>\$ 128,557,605</u> | <u>\$ 50,552,149</u> | <u>\$ 179,109,754</u> | <u>\$ 119,224,852</u> | <u>\$ 35,799,998</u> | <u>\$ 155,024,850</u> |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | \$ 3,429,642 | \$ 4,367 | \$ 3,434,009 | \$ 4,857,605 | \$ 19,886 | \$ 4,877,491 |
| Accrued liabilities | 792,143 | 55,969 | 848,112 | 527,252 | 40,282 | 567,534 |
| Annuities payable, current portion | 22,449 | 436,782 | 459,231 | 22,585 | 461,108 | 483,693 |
| Total current liabilities | <u>4,244,234</u> | <u>497,118</u> | <u>4,741,352</u> | <u>5,407,442</u> | <u>521,276</u> | <u>5,928,718</u> |
| LONG-TERM LIABILITIES | | | | | | |
| Charitable remainder trust beneficial interests | - | 212,258 | 212,258 | - | 255,501 | 255,501 |
| Annuities payable, net of current portion | 192,234 | 4,207,959 | 4,400,193 | 199,841 | 4,459,368 | 4,659,209 |
| Total long-term liabilities | <u>192,234</u> | <u>4,420,217</u> | <u>4,612,451</u> | <u>199,841</u> | <u>4,714,869</u> | <u>4,914,710</u> |
| TOTAL LIABILITIES | <u>4,436,468</u> | <u>4,917,335</u> | <u>9,353,803</u> | <u>5,607,283</u> | <u>5,236,145</u> | <u>10,843,428</u> |
| NET ASSETS | | | | | | |
| <u>Without Donor Restrictions:</u> | | | | | | |
| Undesignated | 70,266,358 | 44,609,423 | 114,875,781 | 56,574,554 | 29,720,524 | 86,295,078 |
| Equity in property and equipment | 53,787,918 | - | 53,787,918 | 56,980,254 | - | 56,980,254 |
| | <u>124,054,276</u> | <u>44,609,423</u> | <u>168,663,699</u> | <u>113,554,808</u> | <u>29,720,524</u> | <u>143,275,332</u> |
| <u>With Donor Restrictions</u> | | | | | | |
| | <u>66,861</u> | <u>1,025,391</u> | <u>1,092,252</u> | <u>62,761</u> | <u>843,329</u> | <u>906,090</u> |
| Total net assets | <u>124,121,137</u> | <u>45,634,814</u> | <u>169,755,951</u> | <u>113,617,569</u> | <u>30,563,853</u> | <u>144,181,422</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 128,557,605</u> | <u>\$ 50,552,149</u> | <u>\$ 179,109,754</u> | <u>\$ 119,224,852</u> | <u>\$ 35,799,998</u> | <u>\$ 155,024,850</u> |

See independent auditors' report on supplemental information

IN TOUCH MINISTRIES, INC. AND AFFILIATES
 COMBINING STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

| | 2020 | | | 2019 | | |
|---|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|
| | ITM | ITF | Combined | ITM | ITF | Combined |
| REVENUE AND SUPPORT | | | | | | |
| Support: | | | | | | |
| Contributions | \$ 97,717,951 | \$ 8,362,668 | \$ 106,080,619 | \$ 92,727,960 | \$ 2,879,431 | \$ 95,607,391 |
| Bequests | - | 8,307,061 | 8,307,061 | - | 5,334,843 | 5,334,843 |
| Total support | <u>97,717,951</u> | <u>16,669,729</u> | <u>114,387,680</u> | <u>92,727,960</u> | <u>8,214,274</u> | <u>100,942,234</u> |
| Revenue: | | | | | | |
| Merchandise sales | 1,083,501 | - | 1,083,501 | 923,144 | - | 923,144 |
| Interest and dividends | 1,281,590 | 1,132,297 | 2,413,887 | 1,164,271 | 1,250,748 | 2,415,019 |
| Realized gains (losses) on investments, annuity and trust assets, net | 19,472 | (7,412) | 12,060 | (564) | (19,260) | (19,824) |
| Change in value of annuity and trust agreements | (14,704) | (152,270) | (166,974) | (5,734) | (199,570) | (205,304) |
| Gain (Loss) on disposal of assets | 61,993 | - | 61,993 | (58,397) | (33,213) | (91,610) |
| Other | <u>3,833,987</u> | <u>389,612</u> | <u>4,223,599</u> | <u>2,954,229</u> | <u>21,649</u> | <u>2,975,878</u> |
| Total revenue and support | <u>103,983,790</u> | <u>18,031,956</u> | <u>122,015,746</u> | <u>97,704,909</u> | <u>9,234,628</u> | <u>106,939,537</u> |
| EXPENSES | | | | | | |
| Program services: | | | | | | |
| Teaching ministries through broadcast, print and digital media | <u>88,155,132</u> | <u>2,794,946</u> | <u>90,950,078</u> | <u>80,596,634</u> | <u>3,347,761</u> | <u>83,944,395</u> |
| Supporting services: | | | | | | |
| General and administrative | 5,458,080 | 100,602 | 5,558,682 | 5,622,043 | 92,822 | 5,714,865 |
| Fundraising | <u>550,685</u> | <u>608,058</u> | <u>1,158,743</u> | <u>538,517</u> | <u>544,483</u> | <u>1,083,000</u> |
| Total supporting services | <u>6,008,765</u> | <u>708,660</u> | <u>6,717,425</u> | <u>6,160,560</u> | <u>637,305</u> | <u>6,797,865</u> |
| Total expenses | <u>94,163,897</u> | <u>3,503,606</u> | <u>97,667,503</u> | <u>86,757,194</u> | <u>3,985,066</u> | <u>90,742,260</u> |
| Unrealized gain (loss) on investments, real estate, annuity and trust assets, net | <u>683,675</u> | <u>542,611</u> | <u>1,226,286</u> | <u>536,755</u> | <u>(17,229)</u> | <u>519,526</u> |
| Change in net assets | 10,503,568 | 15,070,961 | 25,574,529 | 11,484,470 | 5,232,333 | 16,716,803 |
| Net assets, beginning of year | <u>113,617,569</u> | <u>30,563,853</u> | <u>144,181,422</u> | <u>102,133,099</u> | <u>25,331,520</u> | <u>127,464,619</u> |
| Net assets, end of year | <u>\$124,121,137</u> | <u>\$ 45,634,814</u> | <u>\$ 169,755,951</u> | <u>\$113,617,569</u> | <u>\$ 30,563,853</u> | <u>\$ 144,181,422</u> |

See independent auditors' report on supplemental information

This is an excerpt from the audited financials for In Touch Ministries, Inc.

**If you would like to see a full copy, please contact Cella Gordon at
celia.gordon@intouch.org**