

JesusOnline Ministries
Financial Statements
December 31, 2022 and 2021
With Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
JesusOnline Ministries

Opinion

We have audited the accompanying financial statements of JesusOnline Ministries (a Washington not for profit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of JesusOnline Ministries as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of JesusOnline Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JesusOnline Ministries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Members:

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 JesusOnline Ministries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JesusOnline Ministries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JDS Professional Group
Certified Public Accountants, Consultants and Advisors, LLC

June 28, 2023

JesusOnline Ministries
 Statements of Financial Position
 December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash	\$ 210,760	\$ 372,833
Prepaid expenses	10,000	30,000
Capitalized app development costs, net	75,718	95,555
Total Assets	\$ 296,478	\$ 498,388
LIABILITIES		
Accounts payable	\$ 99,960	\$ 79,004
Accrued payroll	10,934	11,053
Total Liabilities	110,894	90,057
NET ASSETS		
Without donor restrictions	80,352	87,677
With donor restrictions	105,232	320,654
Total Net Assets	185,584	408,331
Total Liabilities and Net Assets	\$ 296,478	\$ 498,388

The accompanying notes are an integral part of these statements.

JesusOnline Ministries
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Contributions	\$2,597,014	\$ 450,000	\$3,047,014	\$2,398,551	\$ 560,600	\$2,959,151
Nonfinancial contributions	100,587	-	100,587	103,635	-	103,635
Sales	784	-	784	387	-	387
Interest	-	-	-	8	-	8
Net assets released from restrictions:						
Satisfaction of program restrictions	665,422	(665,422)	-	589,260	(589,260)	-
Total Revenue and Other Support	3,363,807	(215,422)	3,148,385	3,091,841	(28,660)	3,063,181
EXPENSES						
Program services	3,080,063	-	3,080,063	3,172,491	-	3,172,491
Supporting activities						
General and administrative	89,026	-	89,026	57,475	-	57,475
Fundraising	202,043	-	202,043	201,877	-	201,877
Total Supporting Activities	291,069	-	291,069	259,352	-	259,352
Total Expenses	3,371,132	-	3,371,132	3,431,843	-	3,431,843
CHANGES IN NET ASSETS	(7,325)	(215,422)	(222,747)	(340,002)	(28,660)	(368,662)
NET ASSETS, BEGINNING OF YEAR	87,677	320,654	408,331	427,679	349,314	776,993
NET ASSETS, END OF YEAR	\$ 80,352	\$ 105,232	\$ 185,584	\$ 87,677	\$ 320,654	\$ 408,331

The accompanying notes are an integral part of these statements.

JesusOnline Ministries
Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	2022					2021				
	Total Program Services	Supporting Activities		Total Supporting Activities	Total	Total Program Services	Supporting Activities		Total Supporting Activities	Total
		General and Administrative	Fundraising				General and Administrative	Fundraising		
Salaries and related benefits	\$ 229,299	\$ 26,363	\$ 118,608	\$ 144,971	\$ 374,270	\$ 216,123	\$ 26,269	\$ 119,076	\$ 145,345	\$ 361,468
Contractual services	97,711	17,486	39,546	57,032	154,743	114,106	11,010	50,650	61,660	175,766
Internet advertising	2,376,489	-	-	-	2,376,489	2,452,556	-	-	-	2,452,556
Internet advertising related	239,819	-	-	-	239,819	252,650	-	-	-	252,650
Travel	2,488	1,282	3,770	5,052	7,540	518	267	786	1,053	1,571
Printing, postage and design	-	587	38,568	39,155	39,155	-	1,784	30,710	32,494	32,494
Service fees	-	6,934	-	6,934	6,934	-	6,251	-	6,251	6,251
Insurance	-	1,032	-	1,032	1,032	-	1,032	-	1,032	1,032
Registrations and memberships	-	12,188	-	12,188	12,188	-	4,667	-	4,667	4,667
Office expenses	-	23,154	1,551	24,705	24,705	-	6,195	655	6,850	6,850
Contributions	-	-	-	-	-	2,000	-	-	-	2,000
Amortization	33,670	-	-	-	33,670	30,903	-	-	-	30,903
	<u>2,979,476</u>	<u>89,026</u>	<u>202,043</u>	<u>291,069</u>	<u>3,270,545</u>	<u>3,068,856</u>	<u>57,475</u>	<u>201,877</u>	<u>259,352</u>	<u>3,328,208</u>
Nonfinancial contributions expenses										
Internet advertising	96,687	-	-	-	96,687	88,135	-	-	-	88,135
Internet advertising related	3,900	-	-	-	3,900	15,500	-	-	-	15,500
	<u>100,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,587</u>	<u>103,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,635</u>
Total Expenses	<u>\$3,080,063</u>	<u>\$ 89,026</u>	<u>\$ 202,043</u>	<u>\$ 291,069</u>	<u>\$3,371,132</u>	<u>\$3,172,491</u>	<u>\$ 57,475</u>	<u>\$ 201,877</u>	<u>\$ 259,352</u>	<u>\$3,431,843</u>

The accompanying notes are an integral part of these statements.

JesusOnline Ministries
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (222,747)	\$ (368,662)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Amortization expense	33,670	30,903
Change in assets and liabilities, net		
Increase (decrease) in assets:		
Prepaid expenses	20,000	(20,000)
Increase (decrease) in liabilities:		
Accounts payable	20,956	7,255
Accrued payroll	<u>(119)</u>	<u>(268)</u>
Net Cash Used by Operating Activities	(148,240)	(350,772)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases for app development	<u>(13,833)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(13,833)</u>	<u>-</u>
NET DECREASE IN CASH	(162,073)	(350,772)
CASH, BEGINNING OF YEAR	<u>372,833</u>	<u>723,605</u>
CASH, END OF YEAR	<u><u>\$ 210,760</u></u>	<u><u>\$ 372,833</u></u>

The accompanying notes are an integral part of these statements.

JesusOnline Ministries
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 1 – Description of Organization and Nature of Activities

Description of Organization

JesusOnline Ministries (the “Organization”) is a not for profit entity formed in June 2002 under the laws of the State of Washington. The mission of JesusOnline Ministries is to use internet technologies to help people throughout the world discover who Jesus is, trust Him as Lord and Savior, follow Him wholeheartedly and share Him with others.

Nature of Activities

The nature of activities for the Organization consists of state-of-the-art internet technologies, including Google AdWords and Facebook, to pose questions about Jesus to people all over the world on thousands of websites. Those readers whose interest is piqued follow the link to a corresponding article on one of the websites. These free articles present strong evidence about the person of Jesus Christ and for the reliability of the New Testament. Additionally, the Organization equips the international church (individuals, missionaries, and pastors) by providing free, downloadable discipleship materials, online Bibles, and other Christ-centered resources.

Original articles are made available worldwide through the Y-Jesus.com and Y-Origins.com websites, and through the JO Discipleship App. Additional website links have been developed to provide discipleship materials for spiritual growth and multiplication. ExtremeLivingGuide.com is a website tool for Bible study, which may be downloaded anywhere in the world. JesusOnline.com, featuring video content and shorter articles, was launched in 2012 to target younger generations and oral learners specifically. The JO Discipleship App, which was launched during 2020, also helps visitors continue to grow in their spiritual understanding and relationship with God.

During 2022, there were approximately 63 million visits to its 21 websites to read about Jesus from 190 countries and territories in 19 available languages. In 2021, there were 54 million visits. In addition, in 2022, there were approximately 530,000 app users.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization follows the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Presentation of Financial Statements for Not-for-Profit Entities*. Under this standard, the Organization is required to report information regarding financial position and activities according to the following net assets classifications:

JesusOnline Ministries
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and board.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those that will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, the Organization considers cash as checking and savings accounts.

Deposits at financial institutions are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC). From time to time, these deposits may exceed the insurance amounts provided by these institutions. The risk is managed by maintaining all deposits in high-quality financial institutions.

App Development Costs

App development costs are stated at the cost incurred related to the process of designing, creating, testing and launching the JesusOnline Ministries app. Future maintenance and update expenses are expensed as incurred. Amortization is computed using the straight-line method over five years.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year. Management expects that all grants and other receivables will be fully collectible, accordingly, there is no allowance for uncollectible grants and other receivables.

Conditional promises to give with a measurable performance or other barrier and a right of return/right of release and are not recognized until the conditions on which they depend have been met.

JesusOnline Ministries
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 2 – Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions, if the restriction expires in the reporting period on which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Certain donated services, goods, and facilities that meet the criteria for recognition, are reflected in the financial statements at their estimated fair market value at the time of the donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, professional and contract services, and internet advertising, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable state law. Therefore, no provision or liability for income taxes has been included in the financial statements. Contributions to the Organization are tax-deductible within the limitations described by the Code.

As of December 31, 2022 and 2021, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. Additionally, there was no unrelated business income for the years ended December 31, 2022 or 2021.

The Organization's informational tax returns for the years ended December 31, 2020 to 2022 are open to examination by federal authorities.

Subsequent Events

Management has evaluated subsequent events through the report date that represents the date the financial statements were available to be issued.

JesusOnline Ministries
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 3 – Capitalized App Development Costs

During 2020, the JO Discipleship App was launched. The costs incurred and amortization related to the app development costs are as follows:

	2022	2021
Total capitalized costs	\$ 168,350	\$ 154,517
Less: accumulated amortization	92,632	58,962
	\$ 75,718	\$ 95,555

NOTE 4 – Conditional Promise to Give

During the year ended December 31, 2020, the Organization received a grant commitment of \$239,000 to be received in installments through March 2024. The grant is restricted for fundraising and development purposes. During 2022 and 2021, \$38,000 and \$101,500 were received, respectively. Future available funding, which totals \$40,000, is contingent on the Organization maintaining a development employee and on future match requirements. In addition, funds awarded that are not needed or cannot be used as proposed, should not be requested or must be returned if already received. Since the future conditions have not yet been met, revenue from the grant is recognized as donor-restricted contributions when the funds are received.

NOTE 5 – Net Assets with Designations

Designated net assets, for the year ended December 31, 2022, totaled \$50,000, by discretion of the board and management.

NOTE 6 – Net Assets with Donor Restrictions

Donor-restricted net asset activity, for the year ended December 31, 2022, is as follows:

	Beginning Balance	Additions	Releases	Ending Balance
Website development and advertising	\$ 254,926	\$ 412,000	\$ 578,250	\$ 88,676
Development	65,728	38,000	87,172	16,556
Total	\$ 320,654	\$ 450,000	\$ 665,422	\$ 105,232

JesusOnline Ministries
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 6 – Net Assets with Donor Restrictions (continued)

Donor-restricted net asset activity, for the year ended December 31, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending Balance</u>
Website development and advertising	\$ 300,472	\$ 459,600	\$ 505,146	\$ 254,926
Development	<u>48,842</u>	<u>101,000</u>	<u>84,114</u>	<u>65,728</u>
Total	<u>\$ 349,314</u>	<u>\$ 560,600</u>	<u>\$ 589,260</u>	<u>\$ 320,654</u>

NOTE 7 – Nonfinancial Contributions

The Organization received contributions of nonfinancial services, for the years ended December 31, 2022 and 2021, as follows:

	<u>2022</u>	<u>2021</u>
Google AdWords campaigns	\$ 96,687	\$ 88,135
Facebook marketing services	<u>3,900</u>	<u>15,500</u>
	<u>\$ 100,587</u>	<u>\$ 103,635</u>

During the fiscal year ended December 31, 2022, all nonfinancial contributions were utilized to carry out the mission of the Organization. The services were valued and reported based on the current rates for similar services.

All nonfinancial contributions received by the Organization for the years ended December 31, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the board and management.

NOTE 8 – Advertising

The cost of advertising is expensed as incurred. The Organization promotes its website using online advertising. Advertising costs are incurred when interested parties choose to visit JesusOnline websites as a result of an ad displayed through internet technologies. The websites provide free, downloadable discipleship materials, and other Christ-centered resources. The total expenses related to Google AdWords, including nonfinancial contribution expenses, were 69% of total expenses for both years ended December 31, 2022 and 2021. Facebook advertising expenses were 1% of total expenses for both years ended December 31, 2022 and 2021. During the years ended December 31, 2022 and 2021, advertising costs totaled \$2,591,381 and \$2,540,692, respectively.

JesusOnline Ministries
Notes to the Financial Statements
December 31, 2022 and 2021

NOTE 9 – Concentrations

For the year ended December 31, 2022, the Organization received 38% of revenues from one donor, who is also a Board member. One Board member contributed 45% of revenues for the year ended December 31, 2021. Total contributions from all Board members and their related companies for the years ended December 31, 2022 and 2021, were \$1,502,230 and \$1,683,096, respectively.

NOTE 10 – Contingency

The Organization has provided a credit card to employees to be used for organization-related business expenses. On December 31, 2022, the credit card had a credit limit of \$26,000.

NOTE 11 – Liquidity and Funds Available

The operations of the Organization are funded through contributions. The Organization’s contributions are primarily without donor restrictions; however, the Organization also receives contributions that require resources to be used in a particular manner or a future period.

The Organization manages its liquidity and reserves by operating under an adopted budget. The budget is prepared by management, who also compare the budget to actual results on a timely basis to monitor the Organization’s financial performance and adjust operations based on cash flow projections.

The Organization considers financial assets unavailable for general operations when balances held are not available or expected to be converted to cash within one year, are received from donors for specific purposes, have been designated by management for a specific purpose, or are impacted by limits imposed by agreements, contracts, and specific laws.

The following tables reflect The Organization’s financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditures within one year of the statements of financial position date because of contractual restrictions.

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 210,760	\$ 372,833
Less those unavailable for general expenditures within one year due to donor restrictions	<u>(105,232)</u>	<u>(320,654)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 105,528</u>	<u>\$ 52,179</u>