

**ASAP MINISTRIES, INC.
BERRIEN SPRINGS, MICHIGAN**

**REPORT OF AUDIT
AS OF
SEPTEMBER 30, 2017**

**FOOTE and LLOYD
CERTIFIED PUBLIC ACCOUNTANTS
BATTLE CREEK, MICHIGAN**

ASAP MINISTRIES, INC.

TABLE OF CONTENTS

Page

1	Independent Auditor's Report
3	Statement of Financial Position
4	Statement of Activities
5	Statement of Functional Expenses - 2017
6	Statement of Functional Expenses - 2016
7	Statement of Cash Flows
8	Notes to Financial Statements

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INDEPENDENT AUDITOR'S REPORT

ASAP Ministries, Inc.
Berrien Springs, Michigan

We have audited the accompanying financial statements of ASAP Ministries, Inc. which comprise the statement of financial position as of September 30, 2017 and 2016, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASAP Ministries, Inc. as of September 30, 2017 and 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Foote and Lloyd

CERTIFIED PUBLIC ACCOUNTANTS

Battle Creek, Michigan
November 8, 2018

ASAP MINISTRIES, INC.
(A NONPROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
As of September 30, 2017
With Comparative Totals for 2016

<u>ASSETS</u>		2017	2016
CURRENT ASSETS			
Cash & Cash Equivalents		901,750	705,797
Investments (at Market)		671,330	652,052
Accounts Receivable		40,662	3,900
Prepaid Expenses		<u>11,918</u>	<u>9,653</u>
Total Current Assets		1,625,660	1,371,402
PLANT & EQUIPMENT			
	<u>Cost</u>	<u>Accum. Dep.</u>	
Land & Buildings	296,911	86,496	210,415
Equipment	<u>116,725</u>	<u>81,204</u>	<u>35,521</u>
Net Fixed Assets	413,636	167,700	224,641
OTHER ASSETS			
Note Receivable		51,675	-
TOTAL ASSETS		<u>1,923,271</u>	<u>1,596,043</u>
<u>LIABILITIES AND FUND BALANCE</u>			
CURRENT LIABILITIES			
Accounts Payable		53,448	8,032
Accrued Payroll & Payroll Taxes		1,443	3,391
Deferred Tuition Rec		54,444	
Current Portion of Long Term Liability			-
Total Current Liabilities		109,335	11,423
LONG TERM LIABILITIES			
Real Estate Loan Payable		-	9,590
Charitable Gift Annuity Payable		830	1,242
Less: Current Portion		-	-
Total Long Term Liabilities		<u>830</u>	<u>10,832</u>
Total Liabilities		110,165	22,255
NET ASSETS			
Designated - Plant & Equipment		245,936	224,641
Temporarily Restricted		1,052,286	1,016,683
Unrestricted		<u>514,884</u>	<u>332,464</u>
Total Net Assets		<u>1,813,106</u>	<u>1,573,788</u>
TOTAL LIABILITIES & NET ASSETS		<u>1,923,271</u>	<u>1,596,043</u>

The Notes to Financial Statements are an integral part of these statements.

ASAP MINISTRIES, INC.
(A NONPROFIT CORPORATION)
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017
With Comparative Totals for 2016

	Unrestricted	Temporarily Restricted	Totals	
			2017	2016
REVENUES, GAINS AND OTHER SUPPORT				
Contributions- Unrestricted	761,118		761,118	825,621
Contributions- Restricted		1,614,322	1,614,322	1,491,383
Other	12,793	15,556	28,349	
Investment Earnings	39,523		39,523	23,314
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Program Restrictions	<u>1,594,275</u>	<u>(1,594,275)</u>	-	-
TOTAL REVENUE, GAIN & OTHER SUPPORT	2,407,709	35,603	2,443,312	2,340,318
EXPENSES				
Program Services	1,809,223	-	1,809,223	1,611,387
General & Administrative	267,937	-	267,937	233,618
Fund-Raising	<u>126,834</u>	<u>-</u>	<u>126,834</u>	<u>132,835</u>
TOTAL EXPENSES	<u>2,203,994</u>	<u>-</u>	<u>2,203,994</u>	<u>1,977,840</u>
CHANGE IN NET ASSETS	203,715	35,603	239,318	362,478
NET ASSETS - OCTOBER 1	<u>557,105</u>	<u>1,016,683</u>	<u>1,573,788</u>	<u>1,211,310</u>
NET ASSETS - SEPTEMBER 30	<u><u>760,820</u></u>	<u><u>1,052,286</u></u>	<u><u>1,813,106</u></u>	<u><u>1,573,788</u></u>

The Notes to Financial Statements are an integral part of these statements.

ASAP MINISTRIES, INC.
(A NONPROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
SEPTEMBER 30, 2017
With Comparative Totals for 2016

	Program Services	General & Administrative	Fund Raising	Total 2017	Total 2016
Projects	1,558,099			1,558,099	1,398,063
Salaries & Wages	128,762	152,884	60,906	342,552	263,320
FICA	11,476	11,423	3,728	26,627	23,551
Employee Benefits	23,811	26,575	7,793	58,179	57,623
Contractual		13,590		13,590	23,467
Depreciation	4,192	8,385	4,192	16,769	15,472
Insurance		3,118		3,118	3,561
Interest		261		261	166
Gift Annuity Payouts		215		215	399
Office & Supplies	1,894	17,749	9,643	29,286	29,414
Printing & Publications	29,288		17,126	46,414	51,704
Video, Broadcast & Promotional	31,686	-	15,043	46,729	56,949
Occupancy	5,268	6,037	1,981	13,286	8,695
Repairs & Maintenance		405		405	792
Telephone	594	1,486	891	2,971	3,830
Travel	1,114	524	1,920	3,558	4,762
Bank Fees		19,561		19,561	20,198
Property Tax		1,597		1,597	456
Postage & Shipping	<u>13,039</u>	<u>4,127</u>	<u>3,611</u>	<u>20,777</u>	<u>15,418</u>
 2017 Totals	 1,809,223	 267,937	 126,834	 2,203,994	
 2016 Totals	 1,611,387	 233,618	 132,835		 1,977,840

The Notes to Financial Statements are an integral part of these statements.

ASAP MINISTRIES, INC.
(A NONPROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
SEPTEMBER 30, 2016

	Program Services	General & Administrative	Fund Raising	Total 2016
Projects	1,398,063			1,398,063
Salaries & Wages	93,025	112,527	57,768	263,320
FICA	10,305	8,951	4,295	23,551
Employee Benefits	24,740	23,945	8,938	57,623
Contractual		23,467		23,467
Depreciation	3,868	7,736	3,868	15,472
Insurance		3,561		3,561
Interest		166		166
Gift Annuity Payouts		399		399
Office & Supplies	1,424	20,368	7,622	29,414
Printing & Publications	30,270		21,434	51,704
Video, Broadcast & Promotional	36,526		20,423	56,949
Occupancy	3,448	3,951	1,296	8,695
Repairs & Maintenance		792		792
Telephone	766	1,915	1,149	3,830
Travel	1,531	1,161	2,070	4,762
Bank Fees		20,198		20,198
Property Tax		456		456
Postage & Shipping	<u>7,421</u>	<u>4,025</u>	<u>3,972</u>	<u>15,418</u>
 2016 Totals	 1,611,387	 233,618	 132,835	 1,977,840

The Notes to Financial Statements are an integral part of these statements.

ASAP MINISTRIES, INC.
(A NONPROFIT CORPORATION)
STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2017
With Comparative Totals for 2016

INCREASE (DECREASE) IN CASH

	2017	2016
OPERATING CASH FLOWS		
Cash Received From Contributors	2,375,440	2,321,067
Cash Received From Others	42,131	
Investment Income(loss)	39,523	23,314
Cash Paid to Suppliers & Employees	(2,142,273)	(1,983,490)
Interest Paid	(261)	(166)
Net Operating Cash Flows	<u>314,560</u>	<u>360,725</u>
FINANCING CASH FLOWS		
Net Increase (Decrease) in Debt	(9,590)	(6,503)
Net Financing Cash Flows	(9,590)	(6,503)
INVESTING CASH FLOWS		
(Increase) Decrease in Investments	(19,278)	(388,410)
Purchase of Fixed Assets	(38,064)	(8,238)
Increase in Notes Receivable	(51,675)	-
Net Investing Cash Flows	<u>(109,017)</u>	<u>(396,648)</u>
Net Increase (Decrease) in Cash	195,953	(42,426)
CASH AT BEGINNING OF YEAR	<u>705,797</u>	<u>748,223</u>
CASH AT END OF YEAR	<u><u>901,750</u></u>	<u><u>705,797</u></u>

RECONCILIATION OF NET INCREASE (DECREASE) IN NET ASSETS TO NET OPERATING CASH

Net Increase (Decrease) in Net Assets	239,318	362,478
Depreciation	16,769	15,472
(Increase) Decrease in Accounts Receivable	(36,762)	4,063
(Increase) Decrease in Prepaids	(2,265)	(4,493)
Increase (Decrease) in Payables & Accruals	97,912	(16,074)
Increase (Decrease) in Gift Annuities	(412)	(721)
Net Operating Cash	<u><u>314,560</u></u>	<u><u>360,725</u></u>
Interest Paid and Expensed During Year	261	166

The Notes to Financial Statements are an integral part of these statements.

ASAP MINISTRIES, INC.
(A Nonprofit Corporation)
For Years Ended September 30, 2017 & 2016

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ASAP Ministries, Inc. (a nonprofit corporation) is a Michigan non-profit corporation located in Berrien Springs, Michigan. ASAP Ministries, a prayer-driven ministry, seeks to revive the spirit of prayer and mission among God's people in North America and is committed to training, supporting and empowering national missionaries from Cambodia, Laos, Vietnam, Thailand, Myanmar and beyond to make disciples using Christ's compassionate methods which include education and humanitarian endeavors.

Support and Expenses. Contributions received and unconditional promises to give are measured at their fair market values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restrictions is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Fixed Assets. Fixed Assets used by the organization are recorded at cost, or in the case of donated equipment, at fair market value as of the date of donation. Depreciation is taken over the assets' estimated useful lives. Equipment is depreciated at various lives from 3-7 years. The Building is depreciated over 31.5 years.

The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Donated Services, Goods, and Facilities. ASAP Ministries, Inc. (a nonprofit corporation) has benefited from a substantial amount of donated services by individuals in both employee and independent contractor capacities, it has followed the policy of not recording either the donations or the concurrent expense. The value of donated professional services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

ASAP MINISTRIES, INC.
(A Nonprofit Corporation)
For Years Ended September 30, 2017 & 2016

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in various checking and money market accounts. At year-end and throughout the year, the organization's cash balance were deposited in one bank and one brokerage firm. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Advertising Costs. Advertising costs are expenses as incurred.

Copyrights and Trademarks. ASAP Ministries, Inc. (a nonprofit corporation) has adopted the policy of expensing as current expenses the legal fees of registering its copyrights and trademarks.

Investments. Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 measurements). Real estate investments and equity securities without readily determinable fair values are stated at cost.

Income Taxes. The Organization is a nonprofit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes.

NOTE 2 - CASH & CASH EQUIVALENTS

For the purpose of balance sheet classification, ASAP Ministries, Inc. considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value.

The Balance Sheet caption "Cash & Equivalents" as of September 30, is comprised of the following:

	Amount	Per Bank	Amount	Per Bank
Cash on Hand	100	100	100	100
FDIC Insured Bank Deposits	269,270	269,270	260,102	260,102
Uninsured Bank Deposits	600,381	642,600	436,153	461,637
Uninsured Money Market Accounts (AMEX)	<u>31,999</u>	<u>31,999</u>	<u>9,442</u>	<u>9,442</u>
 Total	 <u>901,750</u>	 <u>943,969</u>	 <u>\$ 705,797</u>	 <u>\$ 731,281</u>

ASAP MINISTRIES, INC.
(A Nonprofit Corporation)
For Years Ended September 30, 2017 & 2016

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - FEDERAL INCOME TAX

ASAP Ministries, Inc. (a nonprofit corporation) is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Informational Form 990 is filed annually. It is 501(c)(3) classified by IRS as other than a private foundation.

NOTE 4 - GIFT ANNUITIES

The Organization began a gift annuity program during 2004. A liability is recorded for the present value of the estimated future payments to the donor. The balance of the gift annuity is recorded as support.

Total gift annuities received during the year ended September 30, 2004, was \$10,000.

None have been received since 2004.

NOTE 5 - INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 measurements). Equity and fixed income securities without readily determinable fair values are stated at cost.

The following is a summary of investments held by the Organization at September 30:

	2017	2016
Investments - Equities	136,312	85,687
Investments - Fixed Income	<u>535,018</u>	<u>566,365</u>
Total Investments	<u>\$ 671,330</u>	<u>\$ 652,052</u>

ASAP MINISTRIES, INC.
(A Nonprofit Corporation)
For Years Ended September 30, 2017 & 2016

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENTS

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 Fair Value Measurements: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access.

Level 2 Fair Value Measurements: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Fair Value Measurements: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

The carrying amounts of cash and cash equivalents, receivables, accounts payable, and prepaid expenses approximate fair values due to the short-term nature of these financial instruments.

Investments: Fair values, which are the amounts reported in the statement of financial position, are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

The obligations under long-term debt arrangements are carried at their principal amounts which reflect the fair market values of these liabilities.

The carrying values of all the financial instruments are the same as their fair value.

ASAP MINISTRIES, INC.
(A Nonprofit Corporation)
For Years Ended September 30, 2017 & 2016

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENTS - Continued

The fair values of the Organization's investments at September 30, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u> <u>2017</u>	<u>Total</u> <u>2016</u>
Investments - Equities	136,312	-	-	136,312	85,687
Investments - Fixed Income	<u>535,018</u>	<u>-</u>	<u>-</u>	<u>535,018</u>	<u>566,365</u>
Total Investments	<u>\$ 671,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 671,330</u>	<u>\$ 652,052</u>

Summary of investment gains and losses:

	<u>2017</u>	<u>2016</u>
Investment Interest and Dividends	16,063	9,752
Capital Gains (Losses)	<u>23,460</u>	<u>13,562</u>
Total Gains (Losses)	<u>\$ 39,523</u>	<u>\$ 23,314</u>

The fair values of the Organization's Long-term Liabilities at September 30, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u> <u>2017</u>	<u>Total</u> <u>2016</u>
Real Estate Loan Payable	-	-	-	-	9,590
Charitable Gift Annuity Payable	<u>-</u>	<u>-</u>	<u>830</u>	<u>830</u>	<u>1,242</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 830</u>	<u>\$ 830</u>	<u>\$ 10,832</u>

NOTE 7 - FUNCTIONAL ALLOCATION OF EXPENSE

The costs of providing various programs, fund-raising and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

ASAP MINISTRIES, INC.
(A Nonprofit Corporation)
For Years Ended September 30, 2017 & 2016

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - TEMPORARILY RESTRICTED ASSETS

Restrictions on net assets at September 30, relate to funds contributed for specific projects as follows. These funds are utilized as expenditures incurred for the various projects.

	2017	2016
Cambodia	211,538	205,993
Laos	40,508	122,341
Thailand	5,479	17,673
Vietnam	38,861	31,754
Myanmar	2,042	4,580
Workers - Any Country	355,609	303,316
Evangelism	152,957	146,429
Education	38,536	18,051
Exploring New Projects	77,790	56,128
Bibles & Translation	34,865	37,206
Humanitarian	29,292	32,765
Miscellaneous	64,809	40,447
Total	\$ 1,052,286	\$ 1,016,683

There are no permanently restricted net assets.

NOTE 9 – REAL ESTATE LOAN

On March 28, 2013, the organization purchased a church building in Holland, Michigan. The purchase price was \$100,000. A loan was obtained in the amount of \$38,847. The balance at 9/30/17 was \$0 the balance at 9/30/16 was \$9,590. Interest rate is 3%. There are no specific terms for repayment of this loan. Payments are made as the congregation raises funds. During 2017, this loan was paid in full.

NOTE 10 – NOTE RECEIVABLE

During the fiscal year ended September 30, 2017 the organization advanced funds for improvements to property in Texas not owned by ASAP. Additional funds are still being advanced during the subsequent fiscal year. A promissory note will be issued for the total loan amount and will be secured by the real estate. The purpose is to provide facilities to operate Reach The World Next Door Training Center, a program of ASAP.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 8, 2018, the date the financial statements were available to be issued.