

IN TOUCH MINISTRIES, INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

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, 2019 and 2018, 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

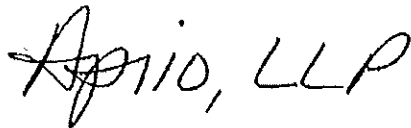
Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance 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, 2019 and 2018, 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 26, 2019

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

ASSETS

	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 18,715,669	\$ 17,537,591
Investments, at fair value	64,438,596	43,541,882
Bequests and other receivables	1,043,860	1,042,569
Inventories	1,353,753	990,729
Prepaid expenses and other assets	<u>3,655,946</u>	<u>3,080,729</u>
Total current assets	<u>89,207,824</u>	<u>66,193,500</u>
PROPERTY AND EQUIPMENT, net	<u>56,980,254</u>	<u>60,820,229</u>
<u>OTHER ASSETS</u>		
Charitable gift annuity assets	5,890,564	6,143,205
Charitable remainder trust assets	407,447	447,551
Investment in real estate, net	2,493,724	5,001,570
Other non-current assets	<u>45,037</u>	<u>42,794</u>
Total other assets	<u>8,836,772</u>	<u>11,635,120</u>
 TOTAL ASSETS	 <u>\$155,024,850</u>	 <u>\$138,648,849</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 4,877,491	\$ 4,365,122
Accrued expenses	567,534	1,091,429
Annuities payable, current portion	<u>483,693</u>	<u>512,814</u>
Total current liabilities	<u>5,928,718</u>	<u>5,969,365</u>
<u>LONG-TERM LIABILITIES</u>		
Charitable remainder trust beneficial interests	255,501	286,157
Annuities payable, net of current portion	<u>4,659,209</u>	<u>4,928,708</u>
Total long-term liabilities	<u>4,914,710</u>	<u>5,214,865</u>
 TOTAL LIABILITIES	 <u>10,843,428</u>	 <u>11,184,230</u>
 <u>COMMITMENTS</u>		
<u>NET ASSETS</u>		
<u>Without Donor restrictions:</u>		
Undesignated	\$ 86,295,078	\$ 65,775,087
Equity in property and equipment	<u>56,980,254</u>	<u>60,820,229</u>
	143,275,332	126,595,316
<u>With Donor Restrictions:</u>		
	<u>906,090</u>	<u>869,303</u>
Total net assets	<u>144,181,422</u>	<u>127,464,619</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$155,024,850</u>	 <u>\$138,648,849</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,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	\$ 95,589,909	\$ 37,482	\$ 95,607,391	\$ 95,808,905	\$ 130,268	\$ 95,939,173
Bequests	5,334,843	-	5,334,843	4,765,342	-	4,765,342
Merchandise sales	923,144	-	923,144	1,205,679	-	1,205,679
Interest and dividends	2,415,019	-	2,415,019	1,389,901	-	1,389,901
Realized gains (losses) on investments, annuity, and trust assets, net	(19,824)	-	(19,824)	338,122	-	338,122
Change in value of annuity and trust agreements	-	(205,304)	(205,304)	-	(227,761)	(227,761)
Loss on disposal of assets	(91,610)	-	(91,610)	(210,704)	-	(210,704)
Other	<u>2,975,876</u>	<u>-</u>	<u>2,975,876</u>	<u>1,432,753</u>	<u>-</u>	<u>1,432,753</u>
Total revenue and support	<u>107,107,359</u>	<u>(167,822)</u>	<u>106,939,537</u>	<u>104,729,998</u>	<u>(97,493)</u>	<u>104,632,505</u>
RECLASSIFICATIONS						
Net assets released by satisfaction or (required) for purpose restrictions	<u>(204,609)</u>	<u>204,609</u>	<u>-</u>	<u>(172,576)</u>	<u>172,576</u>	<u>-</u>
EXPENSES						
Program services						
Teaching ministries through broadcast, print and digital media	<u>83,944,395</u>	<u>-</u>	<u>83,944,395</u>	<u>88,080,866</u>	<u>-</u>	<u>88,080,866</u>
Supporting services						
General and administrative	5,714,865	-	5,714,865	5,637,673	-	5,637,673
Fundraising	<u>1,083,000</u>	<u>-</u>	<u>1,083,000</u>	<u>1,274,841</u>	<u>-</u>	<u>1,274,841</u>
Total supporting services	<u>6,797,865</u>	<u>-</u>	<u>6,797,865</u>	<u>6,912,514</u>	<u>-</u>	<u>6,912,514</u>
Total expenses	<u>90,742,260</u>	<u>-</u>	<u>90,742,260</u>	<u>94,993,380</u>	<u>-</u>	<u>94,993,380</u>
Unrealized gain (loss) on investments, real estate, annuity and trust assets, net	<u>519,526</u>	<u>-</u>	<u>519,526</u>	<u>(353,192)</u>	<u>-</u>	<u>(353,192)</u>
Change in net assets	16,680,018	36,787	16,716,803	9,210,850	75,083	9,285,933
Net assets, beginning of year	<u>126,595,316</u>	<u>869,303</u>	<u>127,464,619</u>	<u>117,384,466</u>	<u>794,220</u>	<u>118,178,686</u>
Net assets, end 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>

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,

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 16,716,803	\$ 9,285,933
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	5,006,340	6,188,749
Amortization of prepaid lease	240,464	240,464
Net realized (gains) losses on investments, annuity and trust assets	19,824	(338,122)
Net unrealized (gains) losses on investments, annuity and trust assets	(475,492)	596,649
Net unrealized (gain) loss on investment in real estate contributed	(44,034)	(243,457)
Noncash contributions	(367,168)	(224,921)
Actuarial change and establishment of annuity payable	219,419	232,099
Loss on disposal of assets	91,610	210,704
Changes in other assets and liabilities:		
Inventories	(363,024)	(21,902)
Bequests and other receivables	(1,291)	373,189
Prepaid expenses and other assets	(817,924)	67,142
Accounts payable	512,369	388,974
Payments for annuity and trust payables	(548,696)	(512,526)
Other liabilities	(523,895)	(724,405)
Net cash provided by operating activities	<u>19,665,305</u>	<u>15,518,570</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(2,924,127)	(1,941,191)
Proceeds from disposal of property and equipment	1,747,921	-
Proceeds from life insurance contributed	-	51,627
Proceeds from disposal of investment in real estate	2,470,112	835,609
Net purchases of investments, annuity, and trust assets	<u>(19,781,133)</u>	<u>(11,562,520)</u>
Net cash used for investing activities	<u>(18,487,227)</u>	<u>(12,616,475)</u>
Net increase in cash and cash equivalents	1,178,078	2,902,095
Cash and cash equivalents, beginning of year	<u>17,537,591</u>	<u>14,635,496</u>
Cash and cash equivalents, end of year	<u>\$ 18,715,669</u>	<u>\$ 17,537,591</u>

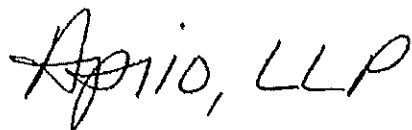
See accompanying notes to the combined financial statements

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, 2019 and 2018, and our report dated November 26, 2019, 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, 2019 and 2018, and the combining statements of activities for the years ended September 30, 2019 and 2018, 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.



Atlanta, Georgia

November 26, 2019

IN TOUCH MINISTRIES, INC. AND AFFILIATES
 COMBINING STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	ITM	ITF	Combined	ITM	ITF	Combined
CURRENT ASSETS						
Cash and cash equivalents	\$ 14,709,656	\$ 4,006,013	\$ 18,715,669	\$ 14,853,629	\$ 2,683,962	\$ 17,537,591
Investments, at fair value	39,588,947	24,849,649	64,438,596	24,645,574	18,896,308	43,541,882
Bequests and other receivables, net	880,630	163,230	1,043,860	630,216	412,353	1,042,569
Inventories	1,353,753	-	1,353,753	990,729	-	990,729
Prepaid expenses and other assets	3,695,340	60,806	3,655,946	3,019,329	61,400	3,080,729
Total current assets	<u>60,128,326</u>	<u>29,079,498</u>	<u>89,207,824</u>	<u>44,139,477</u>	<u>22,064,023</u>	<u>66,193,500</u>
PROPERTY AND EQUIPMENT, net	<u>56,980,254</u>	-	<u>56,980,254</u>	<u>58,989,429</u>	<u>1,830,800</u>	<u>60,820,229</u>
OTHER ASSETS						
Charitable gift annuity assets	284,804	5,605,760	5,890,564	296,865	5,846,340	6,143,205
Charitable remainder trust assets	-	407,447	407,447	-	447,551	447,551
Investment in real estate, net	1,831,468	662,256	2,493,724	4,315,941	685,629	5,001,570
Other non-current assets	-	45,037	45,037	-	42,794	42,794
Total other assets	<u>2,116,272</u>	<u>6,720,500</u>	<u>8,836,772</u>	<u>4,612,806</u>	<u>7,022,314</u>	<u>11,635,120</u>
TOTAL ASSETS	<u>\$ 119,224,852</u>	<u>\$ 35,799,998</u>	<u>\$ 155,024,850</u>	<u>\$ 107,741,712</u>	<u>\$ 30,907,137</u>	<u>\$ 138,648,849</u>
CURRENT LIABILITIES						
Accounts payable	\$ 4,857,605	\$ 19,888	\$ 4,877,491	\$ 4,309,314	\$ 55,808	\$ 4,365,122
Accrued liabilities	527,252	40,282	567,534	1,058,389	33,040	1,091,429
Annuities payable, current portion	22,585	461,108	483,693	24,590	488,224	512,814
Total current liabilities	<u>5,407,442</u>	<u>521,276</u>	<u>5,928,718</u>	<u>5,392,293</u>	<u>577,072</u>	<u>5,969,365</u>
LONG-TERM LIABILITIES						
Charitable remainder trust beneficial interests	-	255,501	255,501	-	286,157	286,157
Annuities payable, net of current portion	199,841	4,459,368	4,659,209	216,320	4,712,388	4,928,708
Total long-term liabilities	<u>199,841</u>	<u>4,714,869</u>	<u>4,914,710</u>	<u>216,320</u>	<u>4,998,545</u>	<u>5,214,865</u>
TOTAL LIABILITIES	<u>5,607,283</u>	<u>5,236,145</u>	<u>10,843,428</u>	<u>5,608,613</u>	<u>5,575,617</u>	<u>11,184,230</u>
NET ASSETS						
<u>Without Donor Restrictions:</u>						
Undesignated	56,574,554	29,720,524	86,295,078	43,087,716	22,687,372	65,775,087
Equity in property and equipment	56,980,254	-	56,980,254	58,989,429	1,830,800	60,820,229
	<u>113,554,808</u>	<u>29,720,524</u>	<u>143,275,332</u>	<u>102,077,144</u>	<u>24,518,172</u>	<u>126,595,316</u>
<u>With Donor Restrictions</u>						
	<u>62,761</u>	<u>843,329</u>	<u>906,090</u>	<u>55,955</u>	<u>813,348</u>	<u>869,303</u>
Total net assets	<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>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 119,224,852</u>	<u>\$ 35,799,998</u>	<u>\$ 155,024,850</u>	<u>\$ 107,741,712</u>	<u>\$ 30,907,137</u>	<u>\$ 138,648,849</u>

See independent auditors' report on supplemental information

IN TOUCH MINISTRIES, INC. AND AFFILIATES
 COMBINING STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	ITM	ITF	Combined	ITM	ITF	Combined
REVENUE AND SUPPORT						
Support:						
Contributions	\$ 92,727,960	\$ 2,879,431	\$ 95,607,391	\$ 95,616,111	\$ 323,062	\$ 95,939,173
Bequests	-	5,334,843	5,334,843	-	4,765,342	4,765,342
Total support	<u>92,727,960</u>	<u>8,214,274</u>	<u>100,942,234</u>	<u>95,616,111</u>	<u>5,088,404</u>	<u>100,704,515</u>
Revenue:						
Merchandise sales	923,144	-	923,144	1,206,679	-	1,206,679
Interest and dividends	1,164,271	1,250,748	2,415,019	482,026	907,875	1,389,901
Realized gains (losses) on investments, annuity and trust assets, net	(564)	(19,260)	(19,824)	(53,291)	391,413	338,122
Change in value of annuity and trust agreements	(5,734)	(199,570)	(205,304)	(1,300)	(226,461)	(227,761)
Loss on disposal of assets	(58,397)	(33,213)	(91,610)	(210,704)	-	(210,704)
Other	2,954,229	21,649	2,975,878	1,426,987	5,766	1,432,753
Total revenue and support	<u>97,704,909</u>	<u>9,234,628</u>	<u>106,939,537</u>	<u>98,465,508</u>	<u>6,166,997</u>	<u>104,632,505</u>
EXPENSES						
Program services:						
Teaching ministries through broadcast, print and digital media	<u>80,598,634</u>	<u>3,347,761</u>	<u>83,944,395</u>	<u>84,008,021</u>	<u>4,072,845</u>	<u>88,080,866</u>
Supporting services:						
General and administrative	5,622,043	92,822	5,714,865	5,548,100	89,573	5,637,673
Fundraising	<u>638,517</u>	<u>544,483</u>	<u>1,083,000</u>	<u>567,351</u>	<u>707,490</u>	<u>1,274,841</u>
Total supporting services	<u>6,160,560</u>	<u>637,305</u>	<u>6,797,865</u>	<u>6,115,451</u>	<u>797,063</u>	<u>6,912,514</u>
Total expenses	<u>86,757,194</u>	<u>3,985,066</u>	<u>90,742,260</u>	<u>90,123,472</u>	<u>4,869,908</u>	<u>94,993,360</u>
Unrealized gain (loss) on investments, real estate, annuity and trust assets, net	<u>536,755</u>	<u>(17,229)</u>	<u>519,526</u>	<u>141,736</u>	<u>(494,928)</u>	<u>(353,192)</u>
Change in net assets	11,484,470	5,232,333	16,716,803	8,483,772	802,161	9,285,933
Net assets, beginning of year	<u>102,133,089</u>	<u>25,331,520</u>	<u>127,464,619</u>	<u>93,649,327</u>	<u>24,529,359</u>	<u>118,178,686</u>
Net assets, end 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>

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 Celia Gordon at
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