



**MESSENGER INTERNATIONAL, INC.  
AND SUBSIDIARY**

Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2023 and 2022

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses- 2023	5
Consolidated Statement of Functional Expenses- 2022	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Messenger International, Inc.  
and Subsidiary  
Palmer Lake, Colorado

### ***Opinion***

We have audited the accompanying consolidated financial statements of Messenger International, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Messenger International, Inc. and Subsidiary as of December 31, 2023 and 2022, and the changes in its net assets 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 Consolidated Financial Statements* section of our report. We are required to be independent of Messenger International, Inc. and Subsidiary 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors  
Messenger International, Inc.  
and Subsidiary  
Palmer Lake, Colorado

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

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 consolidated 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 consolidated 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 Messenger International, Inc. and Subsidiary's 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Messenger International, Inc. and Subsidiary's 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.

*Capin Crouse LLP*

Colorado Springs, Colorado  
March 28, 2024

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Statements of Financial Position

	December 31,	
	2023	2022
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,595,789	\$ 4,069,902
Investments	2,199,928	2,567,759
Accounts receivable and other assets	205,380	156,967
Inventory, net	202,374	220,308
Operating lease: right-of-use assets	4,273	9,609
Assets held for deferred compensation	654,469	596,477
Product development costs, net	3,589,240	2,972,774
Property and equipment, net	3,662,616	830,989
	<u>\$ 12,114,069</u>	<u>\$ 11,424,785</u>
<b>Total Assets</b>	<u>\$ 12,114,069</u>	<u>\$ 11,424,785</u>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 106,495	\$ 30,841
Accrued expenses and other liabilities	310,134	126,607
Royalty advances	-	572,552
Operating lease obligations	3,812	8,779
Deferred compensation liability	654,469	596,477
<b>Total liabilities</b>	<u>1,074,910</u>	<u>1,335,256</u>
<b>Net assets:</b>		
Without donor restrictions	9,308,279	7,962,310
With donor restrictions	1,730,880	2,127,219
<b>Total net assets</b>	<u>11,039,159</u>	<u>10,089,529</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 12,114,069</u>	<u>\$ 11,424,785</u>

See notes to consolidated financial statements

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 3,849,754	\$ 1,833,136	\$ 5,682,890	\$ 1,888,434	\$ 2,105,875	\$ 3,994,309
Ministry resource sales	1,238,731	-	1,238,731	859,744	-	859,744
Honorariums	355,689	-	355,689	475,252	-	475,252
Special events:						
Revenue	5,409,289	-	5,409,289	6,482,350	-	6,482,350
Costs of direct benefits to donors	(870,023)	-	(870,023)	(830,670)	-	(830,670)
Net special events income	4,539,266	-	4,539,266	5,651,680	-	5,651,680
Royalty income	1,061,678	-	1,061,678	177,168	-	177,168
Program income and other	389,471	-	389,471	134,815	-	134,815
<b>Total Support and Revenue</b>	<b>11,434,589</b>	<b>1,833,136</b>	<b>13,267,725</b>	<b>9,187,093</b>	<b>2,105,875</b>	<b>11,292,968</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	2,229,475	(2,229,475)	-	1,543,138	(1,543,138)	-
<b>EXPENSES:</b>						
Program services	10,101,898	-	10,101,898	8,590,777	-	8,590,777
Support activities:						
General and administrative	1,236,600	-	1,236,600	931,713	-	931,713
Fund-raising	979,597	-	979,597	935,161	-	935,161
	2,216,197	-	2,216,197	1,866,874	-	1,866,874
<b>Total Expenses</b>	<b>12,318,095</b>	<b>-</b>	<b>12,318,095</b>	<b>10,457,651</b>	<b>-</b>	<b>10,457,651</b>
Change in Net Assets	1,345,969	(396,339)	949,630	272,580	562,737	835,317
Net Assets, Beginning of Year	7,962,310	2,127,219	10,089,529	7,689,730	1,564,482	9,254,212
Net Assets, End of Year	\$ 9,308,279	\$ 1,730,880	\$ 11,039,159	\$ 7,962,310	\$ 2,127,219	\$ 10,089,529

See notes to consolidated financial statements

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	Supporting Activities:				Total
	Program Services	General and Administrative	Fund-raising	Cost of Direct Benefits to Donors	
Salaries and benefits	\$ 2,919,547	\$ 524,088	\$ 427,828	\$ -	\$ 3,871,463
Foreign translation expenses	2,711,824	-	-	-	2,711,824
Office and occupancy	915,214	142,690	116,482	-	1,174,386
Depreciation and amortization	886,088	11,090	9,053	-	906,231
Conferences and events	395,584	65,711	335,389	-	796,684
Grants to other organizations	734,710	-	-	-	734,710
Professional fees	364,221	348,730	4,847	-	717,798
Cost of goods sold	587,850	-	-	-	587,850
Bank fees and other expense	400,530	110,843	58,693	-	570,066
Travel and transportation	186,330	33,448	27,305	-	247,083
	10,101,898	1,236,600	979,597	-	12,318,095
Special event expenses	-	-	-	870,023	870,023
	\$ 10,101,898	\$ 1,236,600	\$ 979,597	\$ 870,023	\$ 13,188,118

See notes to consolidated financial statements

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Supporting Activities:				Total
	Program Services	General and Administrative	Fund-raising	Cost of Direct Benefits to Donors	
Salaries and benefits	\$ 2,614,448	\$ 453,838	\$ 410,299	\$ -	\$ 3,478,585
Foreign translation expenses	2,719,699	-	-	-	2,719,699
Office and occupancy	894,793	137,772	124,554	-	1,157,119
Depreciation and amortization	625,313	10,441	9,439	-	645,193
Conferences and events	325,743	63,328	323,258	-	712,329
Grants to other organizations	621,862	-	-	-	621,862
Professional fees	115,422	195,825	18,007	-	329,254
Cost of goods sold	348,795	-	-	-	348,795
Bank fees and other expense	219,682	52,279	33,123	-	305,084
Travel and transportation	105,020	18,230	16,481	-	139,731
	8,590,777	931,713	935,161	-	10,457,651
Special event expenses	-	-	-	830,670	830,670
	\$ 8,590,777	\$ 931,713	\$ 935,161	\$ 830,670	\$ 11,288,321

See notes to consolidated financial statements



# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 949,630	\$ 835,317
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	906,231	645,193
Gain on investments	(79,768)	(17,759)
Non-cash effect of change in accounting principle	-	(830)
Dividends reinvested	(52,401)	-
Change in operating assets and liabilities:		
Accounts receivable and other assets	(48,413)	36,816
Inventory	17,934	16,101
Accounts payable	75,654	(16,348)
Accrued expenses and other liabilities	183,527	51,224
Royalty advances	(572,552)	572,552
Leases	369	-
Net Cash Provided by Operating Activities	1,380,211	2,122,266
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	-	(2,550,000)
Proceeds from sale of investments	500,000	-
Purchases of property and equipment	(2,913,548)	(35,438)
Purchases of product development costs	(1,440,776)	(1,151,544)
Net Cash Used by Investing Activities	(3,854,324)	(3,736,982)
Change in Cash and Cash Equivalents	(2,474,113)	(1,614,716)
Cash and Cash Equivalents, Beginning of Year	4,069,902	5,684,618
Cash and Cash Equivalents, End of Year	\$ 1,595,789	\$ 4,069,902
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Change in deferred compensation assets and liabilities	\$ 57,992	\$ 49,098
Right-of-use assets obtained in exchange for operating lease obligations	\$ -	\$ 13,645

See notes to consolidated financial statements

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 1. NATURE OF ORGANIZATION:

Messenger International, Inc. is a not-for-profit organization that exists to develop uncompromising followers of Christ who transform the world.

Billions of people across the globe still do not have access to discipleship resources in their own language. As a result, people are living and dying without hearing the Good News, and even those who do hear the Gospel often find themselves without resources that help them connect the dots and grow spiritually.

That is why we have made it our mission to use multiple mediums to provide discipleship resources to every person—regardless of where they live, what language they speak, or what their financial position looks like. To this end, we now have discipleship resources in over 100 languages and 200 nations. All of these materials can be accessed, at no cost, through MessengerX.com.

We believe that when people discover and personalize the Good News, they will become Messengers in their own right, sharing God's story of redemption and reconciliation through their everyday lives and reaching whatever world God has placed them in.

**"Go there and make disciples of all nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all that I have commanded you." Matthew 28:19-20 ESV**

Messenger International, Inc. has been granted a tax exemption under section 501(c)(3) of the Internal Revenue Code and comparable state law. Messenger International, Inc. is not a private foundation under section 509(a) of the Internal Revenue Code.

The accompanying consolidated financial statements include the accounts of Messenger International, Inc. and Messenger Air, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Messenger International, Inc. owns 100% of Messenger Air, LLC. Throughout the consolidated financial statements, these two entities are collectively referred to as Messenger International, Inc.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Messenger International, Inc. maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking, savings, and money market accounts. As of December 31, 2023 and 2022, Messenger International, Inc. has cash and cash equivalents on deposit with financial institutions that exceed the federally insured balance by approximately \$771,000 and \$3,326,000, respectively.

#### INVESTMENTS

Investments consist of money markets, treasury bills, and readably marketable securities and are measured at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in program income and other on the consolidated statements of activities as without donor restrictions unless a donor has restricted their purpose. Donated securities are recorded at fair value at the date of the donation and thereafter carried in conformity with the stated policy.

#### ACCOUNTS RECEIVABLE AND OTHER ASSETS

Accounts receivable and other assets are stated at the amount billed to customers or amounts unconditionally pledged by donors. Messenger International, Inc. records an allowance for doubtful accounts, which is based on a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful accounts as of December 31, 2023 and 2022, was \$43,342 and \$29,260, respectively. Accounts receivable are ordinarily due 30, 60, or 90 days after the issuance of the invoice. For accounts that are unpaid after the due date, Messenger International, Inc. has the option to charge interest at 1% per month. Accounts receivable past due for more than 120 days are considered delinquent. Interest continues to accrue on delinquent accounts until the account is past due more than one year, at which time interest accrual ceases and does not resume until the account is no longer classified as delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

#### INVENTORY, NET

Inventory consists of books, curriculums, and other media applications. Inventory is stated at the lower of cost or net realizable value, using the average cost method (this method approximates the first-in, first-out methodology), or, if donated, at fair value at the date of the gift. Inventory is shown net of a reserve for slow moving inventory of \$93,093 and \$88,765, at December 31, 2023 and 2022, respectively.

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### OPERATING LEASE-RIGHT-OF-USE ASSETS AND OBLIGATIONS

Messenger International, Inc. has entered into two equipment leases, which resulted in the recognition of operating lease-right-of-use assets totaling \$4,273 and \$9,609 as of December 31, 2023 and 2022, respectively, as well as operating lease obligations totaling \$3,812 and \$8,779. Total operating lease costs were \$5,443 for both the years ended December 31, 2023 and 2022. Total short-term lease costs for the years ended December 31, 2023 and 2022 were \$90,633 and \$189,768, respectively. The weighted-average discount rate was 2.04% and the weighted-average remaining lease term was 0.84 years as of December 31, 2023.

#### DEFERRED COMPENSATION ASSETS AND LIABILITIES

Deferred compensation assets consist of the cash surrender value of life insurance policies, which are measured at contract value. The value of this asset is based on Messenger International, Inc.'s share of the cash surrender value of the respective life insurance policies as represented by the insurance company. These assets are to fund the deferred compensation liability, which is payable to certain employees of Messenger International, Inc. under a non-qualified deferred compensation plan.

#### PRODUCT DEVELOPMENT COSTS, NET

Product development costs are amortized over the estimated period during which the related income is expected to be earned (2-5 years). Accumulated amortization as of December 31, 2023 and 2022, totaled \$3,203,970 and \$2,379,660, respectively. Total amortization expense for the years ended December 31, 2023 and 2022, was \$824,310 and \$565,168, respectively.

#### PROPERTY AND EQUIPMENT, NET

Property and equipment are capitalized at cost or, if donated, at fair value at the date of the gift. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 39 years. Purchases of long-lived assets in excess of \$2,000 with a useful life in excess of one year are capitalized, and lesser amounts are charged to expense as incurred.

#### NET ASSETS

The consolidated financial statements report amounts by class of net assets as follows:

*Net assets without donor restrictions* are those currently available to support Messenger International, Inc.'s operations and those resources invested in property and equipment.

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS, continued

*Net assets with donor restrictions* are comprised of donor-restricted contributions for the support of Messenger International, Inc. projects.

#### SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or when unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donated materials, professional services, and other noncash gifts are recorded at their estimated fair value at the date of donation. During the years ended December 31, 2023 and 2022, there were no contributed nonfinancial assets.

#### *Revenue Recognition*

Ministry resource sales consist of sales of books, curriculum, and other resources sold by Messenger International, Inc., and are recorded when earned which is when the resource is shipped to the customer. Any amounts received prior to shipment of the resource are recorded as deferred revenue. Honorariums are received for speaking done by staff members, and are recorded as revenue once the speaking engagement has occurred. Royalty income consists of royalties received from ministry resource sales and is recognized when earned. Program and other income consists mainly of returns on investments and is recognized when earned.

Messenger International, Inc. has revenue from a special event in which registration fees are earned and contributions are received. Registration fee payments are collected prior to the event and are initially recorded as deferred revenue. The revenue is recognized upon the fulfillment of the performance obligation, when the special event occurs. Contributions are recorded when made, when cash or other assets are received or when unconditionally promised. Messenger International, Inc. earned approximately \$5,409,000 and \$6,482,000 of special event revenue during the years ended December 31, 2023 and 2022, respectively. This amount is reduced by the costs of direct benefits to donors of approximately \$870,000 and \$831,000, respectively on the consolidated statements of activities.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of Messenger International, Inc. The expenses that are allocated include depreciation and amortization, office, and occupancy which are allocated based on usage of property and equipment. Costs of other categories are allocated on estimates of time and effort.

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### JOINT COSTS

Messenger International, Inc. hosts events and other information activities throughout the year that result in joint costs. Joint costs are incurred when requests for contributions and program service activities are conducted simultaneously. Management and general functions may also concurrently occur. Total joint costs are:

	Year Ended December 31,	
	2023	2022
Program services	\$ 187,931	\$ 258,767
General and administrative	34,169	47,049
Fund-raising	119,592	164,670
	<u>\$ 341,692</u>	<u>\$ 470,486</u>

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Messenger International, Inc.'s financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, assets held for others.

	December 31,	
	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,595,789	\$ 4,069,902
Investments	2,199,928	2,567,759
Accounts and contributions receivable	146,534	123,490
Assets held for deferred compensation	<u>654,469</u>	<u>596,477</u>
Financial assets, at year-end	<u>4,596,720</u>	<u>7,357,628</u>
Financial assets not available to be used for general expenditures in one year:		
Net assets with donor restrictions to be expended greater than one year	(1,300,000)	(1,300,000)
Assets held for deferred compensation	<u>(654,469)</u>	<u>(596,477)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,642,251</u>	<u>\$ 5,461,151</u>

Messenger International, Inc. structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through monthly reviews and leadership team meetings.

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Fair values of assets measured on a recurring basis at December 31, 2023 are:

	December 31, 2023	Fair Value Measurements Using:	
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments:			
Mutual funds	\$ 2,153,639	\$ 2,153,639	\$ -
Money market held at contract value	46,289		
	<u>\$ 2,199,928</u>		

Fair values of assets measured on a recurring basis at December 31, 2022 are:

	December 31, 2022	Fair Value Measurements Using:	
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments:			
Mutual funds	\$ 383,095	\$ 383,095	\$ -
Exchange traded funds	289,570	289,570	-
Treasury bills	1,857,038	-	1,857,038
	\$ 2,529,703	\$ 672,665	\$ 1,857,038
Money market held at contract value	38,056		
	<u>\$ 2,567,759</u>		



# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

The Fair Value Measurements Topic of the FASB Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. When available, Messenger International, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs are valued based on quoted market prices. Level 2 inputs are valued based on observable inputs other than quoted market prices for identical assets. Level 3 inputs are only used when Level 1 or 2 inputs are not available.

5. ACCOUNTS RECEIVABLES AND OTHER ASSETS:

Accounts receivable and other assets consist of:

	December 31,	
	2023	2022
Accounts receivable	\$ 189,876	\$ 152,750
Allowance for doubtful accounts	(43,342)	(29,260)
	146,534	123,490
Prepaid expenses and other assets	58,846	33,477
	<u>\$ 205,380</u>	<u>\$ 156,967</u>

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

6. INVENTORY, NET:

Inventory, net consists of:

	December 31,	
	2023	2022
Books and workbooks	\$ 260,111	\$ 263,168
Electronic media	19,107	35,286
Miscellaneous	16,249	5,305
Curriculum	-	5,314
	295,467	309,073
Less allowance for slow moving inventory	(93,093)	(88,765)
	\$ 202,374	\$ 220,308

7. PROPERTY AND EQUIPMENT, NET:

Property and equipment, net consist of:

	December 31,	
	2023	2022
Land	\$ 246,710	\$ 246,710
Buildings and improvements	4,253,272	1,424,103
Furniture and equipment	640,448	556,070
Software	119,222	119,222
	5,259,652	2,346,105
Less accumulated depreciation and amortization	(1,597,036)	(1,515,116)
	\$ 3,662,616	\$ 830,989

Depreciation expense for the year ended December 31, 2023 and 2022 was \$81,920 and \$80,025, respectively.

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

	December 31,	
	2023	2022
Travel funds	\$ 792,792	\$ 775,731
Books for the world	691,879	715,100
Awe of God tour	175,303	447,100
Rescue (formerly Pearl Alliance)	37,821	63,356
Special designation	33,085	10,000
Mobile messenger	-	115,932
	<u>\$ 1,730,880</u>	<u>\$ 2,127,219</u>

# MESSENGER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2023 and 2022

### 9. GROSS MARGIN ON MINISTRY RESOURCE SALES:

Gross margin on ministry resource sales consist of:

	Year Ended December 31,	
	2023	2022
Ministry resource sales	\$ 1,238,731	\$ 859,744
Cost of ministry resources	<u>(587,850)</u>	<u>(348,795)</u>
Gross margin	<u>\$ 650,881</u>	<u>\$ 510,949</u>

Cost of ministry resources represents the actual cost incurred for product and materials recorded as ministry resource sales when sold to constituents. Ministry resource distribution expenses are costs incurred related to goods and services in developing and distributing life-transforming messages.

### 10. DONOR CONCENTRATION:

For the year ended December 31, 2023, the top five donors provided approximately 22% of total contributions.

### 11. RELATED PARTY TRANSACTIONS:

Messenger International, Inc. is related to FLAG LLC through common members. Messenger International, Inc. paid FLAG LLC \$1,862 and \$2,520, during the years ended December 31, 2023 and 2022, respectively.

During the years ended December 31, 2023 and 2022, members of the board contributed approximately \$1,696,000 and \$997,000, respectively, to Messenger International, Inc. which makes up approximately 13% and 9% of total support and revenue received during the years ended December 31, 2023 and 2022, respectively.

### 12. RETIREMENT PLAN:

Messenger International, Inc. sponsors a 401(k) profit sharing plan (the Plan) covering all employees who have completed one year of service (1,000 hours) and are at least 21 years of age. Messenger International Inc. provides a contribution of 3% of compensation for each eligible employee in the Plan. Messenger International, Inc. may also elect to make a profit-sharing contribution, at the discretion of the board of directors. Participant interest is fully vested after six years of employment on the elective profit sharing contribution and immediately vested on all other contributions. Total contributions were \$75,558 and \$69,948, for the years ended December 31, 2023 and 2022, respectively.

### 13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 28, 2024, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.