

GALCOM INTERNATIONAL USA, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

TOGETHER WITH

INDEPENDENT ACCOUNTANTS' REVIEW REPORT



Board of Directors
Galcom International USA, Inc.
Tampa, Florida

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

We have reviewed the accompanying financial statements of Galcom International USA, Inc. (a non-profit corporation), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2022 and 2021, and the related statements of revenues, expenses, and net assets - modified cash basis and functional expenses - modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Galcom International USA, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 3 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Dearolf & Mereness LLP

Tampa, Florida
February 21, 2023

GALCOM INTERNATIONAL USA, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS -
MODIFIED CASH BASIS
DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 749,379	\$ 388,771
Short-term investments	-	264,004
TOTAL CURRENT ASSETS	749,379	652,775
PROPERTY AND EQUIPMENT		
Equipment and furniture	9,540	12,414
Less accumulated depreciation	(9,508)	(12,220)
NET PROPERTY AND EQUIPMENT	32	194
OTHER ASSETS		
Deposit	-	945
TOTAL ASSETS	\$ 749,411	\$ 653,914
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Credit card and payroll liabilities	\$ 3,009	\$ 1,470
NET ASSETS		
Without donor restrictions	537,238	486,740
With donor restrictions	209,164	165,704
TOTAL NET ASSETS	746,402	652,444
TOTAL LIABILITIES AND NET ASSETS	\$ 749,411	\$ 653,914

GALCOM INTERNATIONAL USA, INC.
STATEMENT OF REVENUES, EXPENSES, AND NET ASSETS -
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Contributions	\$ 394,058	\$ 88,878	\$ 482,936
Grants	554,091	144,700	698,791
Investment return	4,364	-	4,364
Net assets released from restrictions:			
Restrictions satisfied by payments	190,118	(190,118)	-
TOTAL REVENUES	1,142,631	43,460	1,186,091
EXPENSES			
Program services	1,044,702	-	1,044,702
Management and general	47,431	-	47,431
TOTAL EXPENSES	1,092,133	-	1,092,133
CHANGE IN NET ASSETS	50,498	43,460	93,958
NET ASSETS - BEGINNING OF YEAR	486,740	165,704	652,444
NET ASSETS - END OF YEAR	\$ 537,238	\$ 209,164	\$ 746,402

GALCOM INTERNATIONAL USA, INC.
STATEMENT OF REVENUES, EXPENSES, AND NET ASSETS -
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Contributions	\$ 354,522	\$ 22,400	\$ 376,922
Grants	332,831	126,334	459,165
Investment return	234	-	234
Net assets released from restrictions:			
Restrictions satisfied by payments	50,467	(50,467)	-
TOTAL REVENUES	738,054	98,267	836,321
EXPENSES			
Program services	702,294	-	702,294
Management and general	42,907	-	42,907
TOTAL EXPENSES	745,201	-	745,201
CHANGE IN NET ASSETS	(7,147)	98,267	91,120
NET ASSETS - BEGINNING OF YEAR	493,887	67,437	561,324
NET ASSETS - END OF YEAR	\$ 486,740	\$ 165,704	\$ 652,444

GALCOM INTERNATIONAL USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2 0 2 2		
	Total	Program Services	Management and General
EXPENSES			
Audio Bibles	\$ 391,658	\$ 391,658	\$ -
Radios	250,980	250,980	-
Salaries	118,204	87,765	30,439
Combination units	102,321	102,321	-
Radio outreach	80,407	80,407	-
Ken Crowell legacy project	38,282	38,282	-
Contributions to others	24,035	24,035	-
Banquet	16,473	16,473	-
Travel, meals and meetings	13,286	13,286	-
Office expenses	10,388	6,782	3,606
Office rent	9,815	7,361	2,454
Payroll taxes	8,670	6,433	2,237
Missions	8,280	8,280	-
Miscellaneous	7,636	7,458	178
Professional fees	5,800	-	5,800
Postage	2,784	2,784	-
Insurance	2,553	-	2,553
Depreciation	561	397	164
TOTAL EXPENSES	\$ 1,092,133	\$ 1,044,702	\$ 47,431

GALCOM INTERNATIONAL USA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES -
MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

	2 0 2 1		
	Total	Program Services	Management and General
EXPENSES			
Audio Bibles	\$ 278,647	\$ 278,647	\$ -
Radios	117,105	117,105	-
Salaries	109,940	84,831	25,109
Combination units	86,573	86,573	-
Radio outreach	39,872	39,872	-
Ken Crowell legacy project	10,425	10,425	-
Contributions to others	31,192	31,192	-
Banquet	-	-	-
Travel, meals and meetings	4,961	4,961	-
Office expenses	10,650	7,748	2,902
Office rent	17,061	12,796	4,265
Payroll taxes	8,411	6,490	1,921
Missions	11,030	11,030	-
Miscellaneous	8,506	7,975	531
Professional fees	5,600	-	5,600
Postage	2,239	2,239	-
Insurance	2,474	-	2,474
Depreciation	515	410	105
TOTAL EXPENSES	\$ 745,201	\$ 702,294	\$ 42,907

GALCOM INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

Note 1 - Nature of Organization

Galcom International USA, Inc., (the Organization) was incorporated on May 5, 1970, as a Florida nonprofit corporation. The primary purpose of the Organization is to promote the New Testament message of Jesus Christ in the Tampa Bay Area and around the world by any means available, including Christian radio and other tools that current technology makes available. The Organization assists other Christian ministries by funding the purchase of audio Bibles, combination units (a combination of radio, the Bible, and other teachings), and radios tuned only to Christian radio stations in mission areas. The audio Bibles, combination units, and radios are donated to potential listeners in many countries around the world. These activities are financed principally by donor contributions.

Note 2 - Date of Management's Review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 21, 2023, the date the financial statements were available to be issued.

Note 3 - Summary of Significant Accounting Policies

Basis of Accounting - The accompanying financial statements have been prepared on the modified cash basis of accounting. Under that basis, contributions are recognized when received rather than when pledged, and expenses are recognized when paid rather than when the obligation is incurred. Amounts charged on credit cards are considered to be paid expenses. That basis differs from generally accepted accounting principles primarily because the Organization has not recognized pledges receivable from donors and accounts payable to vendors and their related effects on net assets in the accompanying financial statements.

Basis of Presentation - The Organization prepares its statements in accordance with Financial Accounting Standards Board (FASB), ASC Topic 958, Not-for-Profit Entities (Topic 958). Under Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Accordingly, the net assets of the Organization are and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

GALCOM INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

Note 3 - Summary of Significant Accounting Policies - continued

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocation of Functional Expenses - Expenses are presented by function and natural categories in the statement of functional expenses. Salaries and payroll taxes have been allocated based on the specific functions of each employee. Rent, office supplies, and telephone expenses have been allocated based on management's estimates of time and effort of the employees utilizing those resources. All other expenses have been allocated directly to their specific functional area of the Organization.

Short-term Investments - Short-term investments consist of debt securities with original maturities of twelve months or less and are reported at their fair values in the statements of assets, liabilities, and net assets - modified cash basis. Unrealized gains and losses are included in the statements of revenues, expenses, and change in net assets - modified cash basis. Investment income and gains are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

Property and Depreciation - The Organization carries equipment and furniture at cost if purchased or fair value if contributed and provides for depreciation on accelerated methods using estimated useful lives of five to seven years.

Contributed Services - No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. Volunteer services provided for the Organization do not meet the criteria for recognition as contributed services.

GALCOM INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

Note 3 - Summary of Significant Accounting Policies - continued

Contributions - Contributions received are recorded as net assets with or without donor restrictions in accordance with FASB Topic 958. The Organization has historically honored donor restrictions on donated funds to the extent possible within the context of its mission statement and the presence of mission contacts sufficient to accomplish the donor's goals. In the event it has not been possible to honor a donor's restrictions, either 1) funds have not been processed and have been returned to the donor, or 2) permission has been received from the donor to remove the restrictions and the funds are processed and utilized as an unrestricted contribution.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provisions for income taxes have been included in the accompanying financial statements. Management is not aware of any activities that would jeopardize the Organization's tax exempt status. Generally, the Organization's tax filings are no longer subject to examination for years before 2018.

Reclassifications - Certain 2021 items have been reclassified in order to conform with the 2022 financial statement presentation. These reclassifications had no effect on the net margin.

Note 4 - Short-term Investments and Fair Value Measurements

Investments are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized in the following hierarchy:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates

Level 3 - Unobservable inputs that reflect management's assumptions and best estimates based on available data.

Short-term investments measured at fair value as of December 31, 2021 consist of Level 1 investments of \$264,004. There were no short-term investments on December 31, 2022.

Investment returns included interest income of \$4,364 for the year ended December 31, 2022. Investment returns included interest income of \$284 and unrealized losses of \$51 for the year ended December 31, 2021.

GALCOM INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
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Note 5 - Concentration of Contributions, Suppliers, and Credit Risk

In 2022 and 2021, a director of the Organization donated \$450,500 (38% of total revenues) and \$430,500 (51% of total revenues), respectively, either personally, through a revocable trust, or through a related family foundation.

The Organization purchased 100% of all audio Bibles, combination units, and radios from one related party in 2022 and 2021. See Note 9.

The Company maintains cash balances at a financial institution in central Florida. The institution is insured by the Federal Deposit Insurance Corporation up to statutory limits (\$250,000 at December 31, 2022). At December 31, 2022, the Company's uninsured cash balance was \$253,566.

Note 6 - Restrictions on Net Assets

Restrictions on net assets relate to funds donated specifically for radios, audio Bibles, combination units, and missionary support. Net assets with donor restrictions totaled \$209,164 and \$165,704 as of December 31, 2022 and 2021, respectively.

Note 7 - Liquidity and Availability of Financial Assets

The Organization is funded by contributions from donors that may contain restrictions. Those restrictions require that resources be used in a certain manner. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization also invests its cash in excess of its current needs in cash and certificates of deposit held in a brokerage account which could be utilized in the event of an unanticipated liquidity need.

GALCOM INTERNATIONAL USA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

Note 7 - Liquidity and Availability of Financial Assets - continued

The schedule below reflects the Organization's financial assets as of December 31, 2022, reduced by amounts that are not available for general use due to donor-imposed restrictions within one year of that date.

	2 0 2 2	2 0 2 1
Financial assets at year-end	\$ 749,379	\$ 652,775
Less those unavailable for general expenditures within one year due to purpose restrictions by donors	(209,164)	(165,704)
Financial assets available to meet cash needs for general expenditures within one year	\$ 540,215	\$ 487,071

Note 8 - Leases

The Organization leases office space under a short-term lease that expires June 12, 2023. The Organization has the option to renew the lease annually and may be subject to an annual rent increase. Rent expense totaled \$9,814 and \$17,061 in 2022 and 2021, respectively.

Note 9 - Related Party Transactions

The Organization purchases radios and combination units from another nonprofit organization whose board of directors includes an officer of the Organization. Amounts paid to the other nonprofit organization totaled \$796,541 and \$505,717 in 2022 and 2021, respectively.