

UNKNOWN NATIONS

(d/b/a World Mission)

FINANCIAL STATEMENTS

For the years ended
June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

December 6, 2024

To the Board of Directors
Unknown Nations d/b/a World Mission
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of Unknown Nations (d/b/a World Mission) (a non-profit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 Unknown Nations as of June 30, 2024 and 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Unknown Nations 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 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 Unknown Nations' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 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 Unknown Nations' 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 Unknown Nations' 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.



Certified Public Accountants
Grand Rapids, Michigan

FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION

UNKNOWN NATIONS
June 30, 2024 and 2023

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents	\$ 1,044,410	\$ 2,360,396
Investments	1,017,248	-
Accounts receivable	8,707	5,005
Interest receivable	7,472	-
Employee retention credit receivable	33,582	33,582
Contributions receivable, current	804,860	784,552
Inventory	383,523	547,353
Prepaid expense	165,661	138,402
Total Current Assets	3,465,463	3,869,290
Property and Equipment, net	1,020,547	1,053,552
Other Assets		
Contribution receivables, long term, net	759,527	752,952
Operating lease right-of-use-assets	21,989	33,260
Total Other Assets	781,516	786,212
Total Assets	\$ 5,267,526	\$ 5,709,054
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 140,505	\$ 344,135
Accrued expenses	73,117	28,184
Deferred revenue	50,024	33,582
Operating lease liabilities - current	10,298	10,303
Total Current Liabilities	273,944	416,204
Long-term Liabilities		
Operating lease liabilities, net current portion	11,914	22,911
Total Liabilities	285,858	439,115
Net Assets		
Without donor restrictions:		
Undesignated	3,332,413	3,441,425
Board restricted for mission projects and trips	755,560	859,742
With donor restrictions	893,695	968,772
Total Net Assets	4,981,668	5,269,939
Total Liabilities and Net Assets	\$ 5,267,526	\$ 5,709,054

STATEMENTS OF ACTIVITIES

UNKNOWN NATIONS

For the year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions of cash and other financial assets	\$ 1,539,945	\$ 2,131,151	\$ 3,671,096
Contributions of nonfinancial assets	462,269	-	462,269
Retail store sales	103,804	-	103,804
Gross revenues from special events:			
Event revenue	213,187	-	213,187
Less: direct expenses	40,205	-	40,205
Net special event revenue	172,982	-	172,982
Royalty income	6,000	-	6,000
The Treasure sales	198,615	-	198,615
Rental income	218,750	-	218,750
Investment income	45,578	-	45,578
Miscellaneous income	338	-	338
Net assets released from restrictions	2,206,228	(2,206,228)	-
Total Public Support and Revenues	4,954,509	(75,077)	4,879,432
Expenses			
Thrift market	183,874	-	183,874
The Treasure	151,422	-	151,422
Project activities	3,614,269	-	3,614,269
Management and general	511,797	-	511,797
Fundraising	706,341	-	706,341
Total Expenses	5,167,703	-	5,167,703
Change in Net Assets	(213,194)	(75,077)	(288,271)
Net Assets - beginning of year	4,301,167	968,772	5,269,939
Net Assets - end of year	\$ 4,087,973	\$ 893,695	\$ 4,981,668

STATEMENTS OF ACTIVITIES

UNKNOWN NATIONS

For the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions of cash and other financial assets	\$ 502,639	\$ 2,816,754	\$ 3,319,393
Contributions of nonfinancial assets	913,360	-	913,360
Retail store sales	195,033	-	195,033
Gross revenues from special events:			
Event revenue	171,056	-	171,056
Less: direct expenses	24,867	-	24,867
Net special event revenue	146,189	-	146,189
Royalty income	6,000	-	6,000
The Treasure sales	423,045	-	423,045
Rental income	219,150	-	219,150
Gain on sale of fixed assets	1,097,611	-	1,097,611
Interest income	16,570	-	16,570
Miscellaneous income	38,693	-	38,693
Net assets released from restrictions	2,453,278	(2,453,278)	-
Total Public Support and Revenues	6,011,568	363,476	6,375,044
Expenses			
Thrift market	265,035	-	265,035
The Treasure	376,911	-	376,911
Project activities	4,383,237	-	4,383,237
Management and general	506,988	-	506,988
Fundraising	523,956	-	523,956
Total Expenses	6,056,127	-	6,056,127
Change in Net Assets	(44,559)	363,476	318,917
Net Assets - beginning of year	4,345,726	605,296	4,951,022
Net Assets - end of year	\$ 4,301,167	\$ 968,772	\$ 5,269,939

STATEMENTS OF FUNCTIONAL EXPENSES

UNKNOWN NATIONS
For the year ended June 30, 2024

	Program Services			Supporting Services			Total
	Thrift Market	The Treasure Sales	Project Activities	Management and General	Fundraising		
Purchases and supplies	\$ 68,307	\$ 151,422	\$ -	\$ -	\$ 37,702	\$ -	\$ 257,431
Wages, payroll taxes and employee benefits	60,656	-	451,190	202,233	586,106	-	1,300,185
Repair and maintenance	4,902	-	-	12,330	-	-	17,232
Utilities	5,063	-	5,063	7,595	2,532	-	20,253
Insurance	21,536	-	4,839	7,259	2,420	-	36,054
Truck and vehicle expense	7,744	-	6,086	3,843	3,742	-	21,415
Depreciation	7,915	-	35,265	8,284	2,762	-	54,226
Advertising and promotion	-	-	5,762	11,423	8,279	-	25,464
Office supplies and postage	3,577	-	11,458	57,597	11,667	-	84,299
Computer expense	665	-	2,928	33,200	1,886	-	38,679
Bank fees, dues and credit card fees	2,089	-	2,057	17,057	-	-	21,203
Professional fees	1,420	-	23,910	116,485	14,195	-	156,010
Direct Program Expense							
Treasure Ministry	-	-	1,776,568	-	-	-	1,776,568
Humanitarian Aid	-	-	345,183	-	-	-	345,183
Discipleship Programs	-	-	534,616	-	-	-	534,616
Domestic contributions	-	-	246,337	-	-	-	246,337
Mission Travel	-	-	153,301	-	-	-	153,301
Travel	-	-	9,312	34,090	35,050	-	78,452
Interest expense	-	-	394	401	-	-	795
Total Expenses	\$ 183,874	\$ 151,422	\$ 3,614,269	\$ 511,797	\$ 706,341	\$ -	\$ 5,167,703

See accompanying notes to financial statements.

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

UNKNOWN NATIONS
For the year ended June 30, 2023

	Program Services		Supporting Services		Total	
	Thrift Market	The Treasure Sales	Project Activities	Management and General		Fundraising
Purchases and supplies	\$ 58,272	\$ 376,911	\$ -	\$ -	\$ 15,651	\$ 450,834
Wages, payroll taxes and employee benefits	91,450	-	433,784	191,289	429,379	1,145,902
Repair and maintenance	5,426	-	-	13,614	-	19,040
Utilities	14,618	-	6,765	6,765	6,765	34,913
Insurance	26,362	-	-	12,942	-	39,304
Truck and vehicle expense	11,160	-	4,480	6,890	7,704	30,234
Depreciation	40,220	-	6,909	10,364	3,455	60,948
Advertising and promotion	795	-	-	5,325	2,456	8,576
Office supplies and postage	1,863	-	9,845	37,129	8,655	57,492
Computer expense	2,071	-	16,897	12,404	14,495	45,867
Bank fees, dues and credit card fees	3,352	-	5,381	12,631	-	21,364
Professional fees	2,277	-	9,959	154,874	9,959	177,069
Direct Program Expense						
Treasure Ministry	-	-	2,018,452	-	-	2,018,452
Humanitarian Aid	-	-	568,545	-	-	568,545
Discipleship Programs	-	-	825,997	-	-	825,997
Domestic contributions	-	-	362,544	-	-	362,544
Mission Travel	-	-	101,297	-	-	101,297
Travel	-	-	12,382	42,761	25,437	80,580
Interest expense	7,169	-	-	-	-	7,169
Total Expenses	\$ 265,035	\$ 376,911	\$ 4,383,237	\$ 506,988	\$ 523,956	\$ 6,056,127

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (288,271)	\$ 318,917
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	54,226	60,948
Unrealized loss on investments	152	-
Decrease in the carrying amount of right-of-use assets-operating leases	11,271	5,536
Gain on sale of fixed assets	-	(1,097,611)
Changes in operating assets and liabilities:		
Accounts receivable	(3,702)	15,720
Interest receivable	(7,472)	-
Employee retention credit receivable	-	(33,582)
Contributions receivable	(26,883)	(714,744)
Inventory	163,830	(327,777)
Prepaid expense	(27,259)	19,320
Accounts payable	(203,630)	132,791
Accrued expenses	44,933	4,395
Operating lease liability	(11,002)	(5,582)
Deferred revenue	16,442	33,082
Net Cash Used for Operating Activities	(277,365)	(1,588,587)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(21,221)	(4,738)
Proceeds from sale of property and equipment	-	1,429,912
Purchase of investments	(1,017,400)	-
Net Cash Provided by (Used for) Investing Activities	(1,038,621)	1,425,174
Cash Flows from Financing Activities		
Payments on long-term debt	-	(324,288)
Net Decrease in Cash and Cash Equivalents	(1,315,986)	(487,701)
Beginning Cash and Cash Equivalents	2,360,396	2,848,097
Ending Cash and Cash Equivalents	\$ 1,044,410	\$ 2,360,396
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 795	\$ 7,169
ROU assets obtained in exchange for lease liabilities subsequent to the adoption of ASC 842	\$ -	\$ 38,796

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The accompanying financial statements present the financial position, results of operations and cash flows of Unknown Nations (d/b/a World Mission) (the "Organization"). The Organization is incorporated in the State of Michigan and organized exclusively for charitable, religious, educational, and scientific purposes. The work of the Organization to reach the previously unreachable and thereby complete Jesus' calling to take the Gospel to the "ends of the earth." The Organization believes the ends of the earth are not the most distant places geographically. They are the most distant places spiritually. They are the most zero-access, barrier-ridden, spiritually antagonistic, spoken-word reliant people groups on the planet. The Organization exists to give birth to the Church in impossible places. The Organization achieves this through three strategic initiatives of creating access to God's Word, targeted humanitarian projects, and discipleship training. The Mission, in short: To reach the previously unreachable at the ends of the earth— completing the last four words of Jesus' calling.

Name Change

On May 12, 2023, the World Mission Board of Directors approved a change in name from World Mission to Unknown Nations (d/b/a World Mission). The Organization has had increasing requests from the field for more Treasures and resources to impact unreached areas and therefore the only solution was to grow! What has been a regional support base needed to become a national support base. To accomplish this vision, the Organization had to think about the name. As they began to scale to reach a national Christian community and serve the vision God had instilled, the name was becoming a hindrance. While the Organization is so very proud of its past and what God has done through World Mission, the Organization recognized that its name was causing confusion and didn't reflect the singular laser-focus of its ministry.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, recording revenue when earned rather than when received, and recording expenses when incurred rather than when paid.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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. Actual results could vary from the estimates that were used.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, institutional money market funds and cash on hand. For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Organization maintains cash balances in checking and savings accounts. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash in a bank checking or savings account in excess of the federally insured limit.

Investments

Investments held by the Organization consist of cash, money market funds, and certificates of deposit. Such investments are carried at fair value, based on quoted market prices. Investments received as donations are initially recorded at fair value on the date of receipt. Thereafter, the carrying value of such investments is adjusted to fair value, which is determined by published market quotations. Realized gains and losses on the sale of investments are determined based on first-in, first-out method. Unrealized gains and losses are included in the non-operating items on the statement of activities.

Contributions Receivable

The Organization has received contributions from various donors to contribute monies in the future for various purposes. The allowance for uncollectible contributions at June 30, 2024 and 2023 was \$9,000. Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 8% and 7% at June 30, 2024 and 2023, respectively.

The Organization's had the following unconditional contributions receivable as of June 30, 2024 and 2023:

	2024	2023
Within one year	\$ 804,860	\$ 784,552
In two to four years	878,154	847,000
Total unconditional contributions receivable	1,683,014	1,631,552
Less allowance for uncollectible receivables	(9,000)	(9,000)
Less discounts to net present value at 8% and 7%, respectively	(109,627)	(85,048)
Net unconditional contributions receivable	<u>\$ 1,564,387</u>	<u>\$ 1,537,504</u>

Inventory

Inventory consisting of used clothing, used household furniture and audio Bibles is stated at the lower of cost or net realizable value. Costs for used furniture are incurred in the procurement and sorting of goods for resale.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. The Organization follows a capitalization policy of \$2,000 in determining assets to be depreciated. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the useful lives of the related assets as follows:

Land improvements	10 - 15 years
Buildings	20 - 40 years
Leasehold improvements	5 - 15 years
Equipment, furniture, and furnishings	3 - 10 years
Vehicles	5 years

Net Assets

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

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

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

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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. Conditional promises to give – that is, those with a measurable performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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. Contributions with donor-imposed stipulations that are met in the same year as received or earned are reported as unrestricted revenue.

Revenue for furniture purchases is recognized when the customer receives and pays for the merchandise whereas royalty income is recorded when received.

The Organization has contracts with customers for Treasures with one performance obligation. This performance obligation is satisfied at shipment of the product. For product purchased, but subsequently delivered to the customer, the Organization recognizes a liability until delivery is complete; at that time, the liability is reversed, and revenue is recognized. Payment terms require payment upon shipment of the product.

During the year ended June 30, 2023, the Organization applied for Employee Retention Credits under the CARES Act for qualifying payroll expenditures incurred in prior years. The amount of \$33,582 has been booked as a receivable and unearned revenue in the statement of financial position as of June 30, 2024 and 2023, respectively.

Contributions of Nonfinancial Assets

Volunteers have donated time to the Organization's operations during the year; however, these donated services are not reflected in the financial statements to the extent that the services do not require specialized skills.

Donated goods are recorded as revenue on the date of the receipt at estimated fair market value. Donated materials of \$51,474 and \$64,082 were included in support and revenue during 2024 and 2023, respectively. This revenue was offset by fixed assets shown in the statement of financial position or expenses shown on the statements of activities and functional expenses according to the nature of the donation. The Organization also receives in-kind donations of audio Bibles each year. These in-kind donations recorded in the statement of activities were \$410,795 and \$828,994 for the years ended June 30, 2024 and 2023, respectively.

As the in-kind donations are received, they are booked to inventory and then released through cost of goods sold as they are donated to our international partners or sold. See Note F for additional details.

Advertising and Promotion

The Organization expenses promotion and education costs as incurred. Promotion and education costs for the years ended June 30, 2024 and 2023 were \$25,464 and \$8,576, respectively.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies and direct invoices. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 6, 2024, which is the date the financial statements were available to be issued.

Leases

The Organization has entered into a variety of operating leases for an automobile and various operating equipment. The obligations associated with these leases have been recognized as a liability in the balance sheet of future lease payments, discounted by the incremental borrowing rate for the Organization's operating leases. Lease terms may include options to extend or terminate certain leases if it is reasonably certain management will exercise an option to extend or terminate a lease. See Note J for additional lease information.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note B – Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization's sources of liquidity at its disposal include cash, accounts receivable, interest receivable, employee retention receivable, and contributions receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programmatic activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash used for operations for the years ended June 30, 2024 and 2023.

As of June 30, 2024 and 2023, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 1,044,410	\$ 2,360,396
Investments	1,017,248	-
Accounts receivable	8,707	5,005
Interest receivable	7,472	-
Employee retention credit receivable	33,582	33,582
Contributions receivable, net	1,564,387	1,537,504
Total financial assets	3,675,806	3,936,487
Less amounts not available to be used within on year:		
Cash received for donor restricted purposes	(23,200)	(12,621)
Contribution receivables, current, restricted	(411,969)	(217,000)
Contribution receivables, long term, net	(759,527)	(752,952)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,504,310</u>	<u>\$ 2,966,535</u>

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note C – Property and Equipment

Property and equipment consist of the following as of June 30:

	2024	2023
Land	\$ 66,300	\$ 66,300
Land improvements	54,948	52,496
Buildings	2,095,847	2,080,586
Leasehold improvements	57,230	57,230
Equipment, furniture, and furnishings	71,116	69,029
Vehicles	61,660	61,660
	<u>2,407,101</u>	<u>2,387,301</u>
Accumulated depreciation	<u>(1,386,554)</u>	<u>(1,333,749)</u>
Property and equipment, net	<u>\$ 1,020,547</u>	<u>\$ 1,053,552</u>

Note D – Rental Income

The Organization leases a building to a nonprofit organization. The initial term of the lease is three years commencing on July 1, 2018 with a renewal option of three years. Terms of the lease require annual payments of \$1. The estimated annual lease market value of the building is \$218,750. This amount is included in rental income and contributions expense for the years ended June 30, 2024 and 2023 in the accompanying statements of activities. The Organization leases some space to another nonprofit organization. Terms of the month-to-month lease require monthly payments of \$100. Rental income for the year ended June 30, 2023 was \$400, and is included in the accompanying statement of activities. The month to month rental agreement has been terminated during the year ended June 30, 2024.

Effective July 1, 2024, the lease was renewed for five years and the estimated annual lease market value of the building was increased to \$264,250.

Note E – Employee Retirement Plan

The Organization adopted a 401(k) retirement plan for all eligible employees effective January 1, 2012. The Organization's retirement plan requires the Organization to contribute a match of 50% up to 2% of an eligible employee's salary. Total retirement plan expense was \$10,378 and \$5,056 for June 30, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note F – Contributed Nonfinancial Assets

The Organization recognized contributed nonfinancial assets within revenue, including contributed clothing and furniture, software, rent, audio Bibles and other small miscellaneous items. As of June 30, 2024 and 2023 the contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed nonfinancial assets recognized within the statement of activities as of June 30, 2024 and 2023 included:

	2024 Revenue Recognized	2023 Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Audio players	\$ 410,795	\$ 828,994	Biblical teaching device distributed free to unreached people	No associated donor restrictions	The donation is valued based upon an estimated cost provided by the donor
Clothing and furniture	\$ 51,474	\$ 57,454	Unrestricted revenue is raised through sales of donated furniture	No associated donor restrictions	This is valued based upon an estimated price per pound for clothing and per item on the furniture based upon similar thrift store metrics
Rent	\$ -	\$ 20,284	Thrift Store Operations	Operation of a thrift store	Landlord monthly rent
Software	\$ -	\$ 4,514	Fundraising software	No associated donor restrictions	Cost of software
Miscellaneous	\$ -	\$ 2,114	Multiple	No associated donor restrictions	Multiple

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note G - Fair Value Measurement

Accounting principles generally accepted in the United States of America establish 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 market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices in markets that are not considered active or financial instruments for which significant inputs include quoted prices for similar assets or liabilities, interest rates, credit risks, etc.

Level 3 – Significant unobservable inputs, which may include the Organization’s own assumptions in determining fair value.

The asset’s 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. Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

Money market funds and certificates of deposits: Valued based on quoted net asset values of the shares held by the Organization on the last business day of the year.

Assets measured at fair value on a recurring basis comprise the following at June 30, 2024:

Description	Fair Value		
	Level 1	Level 2	June 30, 2024
Cash	\$ 253,371	\$ -	\$ 253,371
Money market funds	264,029	-	264,029
Certificate of deposits	-	499,848	499,848
Total	\$ 517,400	\$ 499,848	\$ 1,017,248

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note G – Fair Value Measurement (Continued)

Net realized and unrealized gains (losses) on investments is summarized as follows for the year ended June 30, 2024:

	<u>2024</u>
Interest and dividend income	\$ 24,697
Net unrealized loss on investments	<u>(153)</u>
Total	<u>\$ 24,544</u>

Note H – Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Mission projects and trips	\$ 23,182	\$ 12,602
Pakistan Shiloh Center	18,000	112,000
Global Impact - time restricted	653,795	533,452
Discipleship	87,400	140,000
Treasures	59,118	90,018
Humanitarian	15,000	31,000
Afghan Ministry	37,200	49,700
Total Net Assets with Donor Restrictions	<u>\$ 893,695</u>	<u>\$ 968,772</u>

Board restricted amounts are funds that are set aside for Mission Projects and Trips. Board restricted funds were \$755,560 and \$859,742 as of June 30, 2024 and 2023, respectively.

Note I – Related Parties

During the years ended June 30, 2024 and 2023, the Organization entered into a working arrangement with a video production company owned by a board member. The amounts of \$21,665 and \$11,502 are included in the statements of functional expenses reported by the Organization for the years ended June 30, 2024 and 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

UNKNOWN NATIONS

For the years ended June 30, 2024 and 2023

Note J – Operating Leases

Operating lease assets consist of an auto lease, and leases for various office equipment with unrelated parties. These leases have varying lease periods from 36 to 63 months and require monthly payments ranging from \$62 - \$561. Lease payments are reported on statement of functional expenses as Office supplies and postage and as program expenses on the statement of activities for the years ended June 30, 2024 and 2023. Total lease expense for the years ended June 30, 2024 and 2023 was \$11,047 and \$6,395, respectively.

The right of use assets and corresponding lease liabilities associated with future payments at June 30, 2024 and 2023 as follows:

	<u>2024</u>	<u>2023</u>
Operating right of use assets	\$ 21,989	\$ 33,260
Operating lease liabilities	\$ 22,212	\$ 33,214
Weighted average:		
Discount rate	4%	4%
Remaining lease term (years)	4	5

Future minimum payments under the operating lease for the year ended June 30, 2024 are as follows:

Years ending June 30, 2025	\$ 9,843
2026	6,555
2027	4,309
2028	2,824
2029	62
	<u>23,593</u>
Less: amount representing interest	<u>1,381</u>
	22,212
Less: current maturities	<u>10,298</u>
Long-term obligation	<u>\$ 11,914</u>

The Organization has made an accounting policy election not to recognize right of use assets and lease liabilities that arise from short term leases (lease periods less than 12 months and/or month-to-month leases) for any class of underlying asset.