

**JESUSONLINE MINISTRIES**

**Financial Statements  
December 31, 2023 and 2022  
With Independent Auditors' Report**

**JDS** professional  
group  
certified public accountants, consultants and advisors

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
of JesusOnline Ministries

### **Opinion**

We have audited the accompanying financial statements of JesusOnline Ministries (a Washington not for profit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 JesusOnline Ministries 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 audit 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 Financial Statements section of our report. We are required to be independent of JesusOnline Ministries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 JesusOnline Ministries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 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 financial statements.

*Members:*

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 JesusOnline Ministries' 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 JesusOnline Ministries' 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.

*JDS Professional Group*  
*Certified Public Accountants, Consultants and Advisors, LLC*

April 29, 2024

JESUSONLINE MINISTRIES  
Statement of Financial Position  
December 31, 2023 and 2022

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 117,684	\$ 210,760
Prepaid expenses	-	10,000
Capitalized app development costs, net	42,048	75,718
Total Assets	\$ 159,732	\$ 296,478
<b>LIABILITIES</b>		
Accounts payable	\$ 33,538	\$ 99,960
Accrued liabilities	11,231	10,934
Total Liabilities	44,769	110,894
<b>NET ASSETS</b>		
Without donor restrictions	90,461	80,352
With donor restrictions	24,502	105,232
Total Net Assets	114,963	185,584
Total Liabilities and Net Assets	\$ 159,732	\$ 296,478

The accompanying notes are an integral part of this statement.

JESUSONLINE MINISTRIES  
Statement of Activities  
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 1,432,285	\$ 262,630	\$ 1,694,915
Nonfinancial contributions	58,165	-	58,165
Sales	119	-	119
Net assets released from restrictions:			
Satisfaction of program restrictions	343,360	(343,360)	-
Total Revenues and Other Support	1,833,929	(80,730)	1,753,199
<b>EXPENSES</b>			
Program services	1,564,683	-	1,564,683
Supporting activities			
General and administrative	95,258	-	95,258
Fundraising	163,879	-	163,879
Total Supporting Activities	259,137	-	259,137
Total Expenses	1,823,820	-	1,823,820
<b>CHANGES IN NET ASSETS</b>	10,109	(80,730)	(70,621)
Net Assets, beginning of year	80,352	105,232	185,584
Net Assets, end of year	\$ 90,461	\$ 24,502	\$ 114,963

The accompanying notes are an integral part of this statement.

JESUSONLINE MINISTRIES  
Statement of Activities  
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 2,597,014	\$ 450,000	\$ 3,047,014
Nonfinancial contributions	100,587	-	100,587
Sales	784	-	784
Net assets released from restrictions:			
Satisfaction of program restrictions	665,422	(665,422)	-
Total Revenues and Other Support	3,363,807	(215,422)	3,148,385
<b>EXPENSES</b>			
Program services	3,080,063	-	3,080,063
Supporting activities			
General and administrative	89,026	-	89,026
Fundraising	202,043	-	202,043
Total Supporting Activities	291,069	-	291,069
Total Expenses	3,371,132	-	3,371,132
<b>CHANGES IN NET ASSETS</b>	(7,325)	(215,422)	(222,747)
Net Assets, beginning of year	87,677	320,654	408,331
Net Assets, end of year	\$ 80,352	\$ 105,232	\$ 185,584

The accompanying notes are an integral part of this statement.

JESUSONLINE MINISTRIES  
Statement of Functional Expenses  
For the Year Ended December 31, 2023

	Total Program Services	Supporting Activities			Total
		General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 250,512	\$ 29,991	\$ 134,123	\$ 164,114	\$ 414,626
Contractual services	104,792	18,470	24,366	42,836	147,628
Internet advertising	1,110,955	-	-	-	1,110,955
Internet advertising, related party	-	-	-	-	-
Travel	6,589	-	-	-	6,589
Printing, postage and design	-	3,232	3,000	6,232	6,232
Service fees	-	6,257	-	6,257	6,257
Insurance	-	5,336	-	5,336	5,336
Registrations and memberships	-	17,247	-	17,247	17,247
Office expenses	-	14,725	2,390	17,115	17,115
Amortization	33,670	-	-	-	33,670
	<u>1,506,518</u>	<u>95,258</u>	<u>163,879</u>	<u>259,137</u>	<u>1,765,655</u>
Nonfinancial contributions expenses					
Internet advertising	58,165	-	-	-	58,165
Internet advertising, related party	-	-	-	-	-
	<u>58,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,165</u>
 Total Expenses	 <u>\$1,564,683</u>	 <u>\$ 95,258</u>	 <u>\$ 163,879</u>	 <u>\$ 259,137</u>	 <u>\$ 1,823,820</u>

The accompanying notes are an integral part of this statement.

JESUSONLINE MINISTRIES  
Statement of Functional Expenses  
For the Year Ended December 31, 2022

	Total Program Services	Supporting Activities			Total
		General and Administrative	Fundraising	Total Supporting Activities	
Salaries and benefits	\$ 229,299	\$ 26,363	\$ 118,608	\$ 144,971	\$ 374,270
Contractual services	97,711	17,486	39,546	57,032	154,743
Internet advertising	2,376,489	-	-	-	2,376,489
Internet advertising, related party	239,819	-	-	-	239,819
Travel	2,488	1,282	3,770	5,052	7,540
Printing, postage and design	-	587	38,568	39,155	39,155
Service fees	-	6,934	-	6,934	6,934
Insurance	-	1,032	-	1,032	1,032
Registrations and memberships	-	12,188	-	12,188	12,188
Office expenses	-	23,154	1,551	24,705	24,705
Amortization	33,670	-	-	-	33,670
	<u>2,979,476</u>	<u>89,026</u>	<u>202,043</u>	<u>291,069</u>	<u>3,270,545</u>
Nonfinancial contributions expenses					
Internet advertising	96,687	-	-	-	96,687
Internet advertising, related party	3,900	-	-	-	3,900
	<u>100,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,587</u>
 Total Expenses	 <u>\$3,080,063</u>	 <u>\$ 89,026</u>	 <u>\$ 202,043</u>	 <u>\$ 291,069</u>	 <u>\$ 3,371,132</u>

The accompanying notes are an integral part of this statement.



JESUSONLINE MINISTRIES  
Statement of Cash Flows  
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (70,621)	\$ (222,747)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Amortization expense	33,670	33,670
Changes in assets and liabilities, net		
Decrease in assets		
Prepaid expenses	10,000	20,000
Increase in liabilities		
Accounts payable	(66,422)	20,956
Accrued liabilities	297	(119)
	(93,076)	(148,240)
Net Cash Used in Operating Activities	(93,076)	(148,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases for app development	-	(13,833)
	-	(13,833)
Net Cash Used in Investing Activities	-	(13,833)
DECREASE IN CASH AND CASH EQUIVALENTS	(93,076)	(162,073)
Cash and Cash Equivalents, beginning of year	210,760	372,833
Cash and Cash Equivalents, end of year	\$ 117,684	\$ 210,760

The accompanying notes are an integral part of this statement.

## **NOTE 1 - Nature of Organization**

### **Description of Organization**

JesusOnline Ministries (the “Organization”) is a not for profit entity formed in June 2002 under the laws of the State of Washington. The mission of JesusOnline Ministries is to use internet technologies to help people throughout the world discover who Jesus is, trust Him as Lord and Savior, follow Him wholeheartedly and share Him with others.

### **Nature of Activities**

The nature of activities for the Organization consists of state-of-the-art internet technologies, including Google AdWords and Facebook, to pose questions about Jesus to people all over the world on thousands of websites. Those readers whose interest is piqued follow a link to a corresponding article or video on one of the websites. These free articles and videos present strong evidence about the person of Jesus Christ and for the reliability of the New Testament. Additionally, the Organization equips the international church (individuals, missionaries and pastors) by providing free, downloadable discipleship materials, online Bibles and other Christ-centered resources.

Original articles are made available worldwide through the Y-Jesus.com and Y-Origins.com websites and through the JO Discipleship App. Additional website links have been developed to provide discipleship materials for spiritual growth and multiplication. ExtremeLivingGuide.org is a website tool for Bible study, which may be downloaded anywhere in the world. JesusOnline.com, featuring video content and shorter articles, was launched in 2012 to target younger generations and oral learners specifically. The JO Discipleship App, which was launched during 2020, also helps visitors to grow in their spiritual understanding and relationship with God.

During 2023, there were approximately 36 million visits from 190 countries to its 21 websites where people discovered who Jesus really is in 20 available languages. As a result, 2,418,015 people committed their lives to Christ. In 2022, there were approximately 63 million website visits and 2,058,712 commitments to Christ. The decrease in website visits from 2022 to 2023 resulted from significantly fewer funds available for advertising. However, the surge in commitments to Christ stemmed from advanced Google Performance Max AI advertising campaigns which more effectively reached those genuinely interested in the Organization’s message. There were approximately 200 thousand new users of the JO Discipleship App in 2023 as compared to 374 thousand in 2022.

## **NOTE 2 - Summary of Significant Accounting Policies**

### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### **Use of Estimates**

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

**NOTE 2 - Summary of Significant Accounting Policies** (continued)

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and with donor restrictions as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits in checking and savings accounts at financial institutions which are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC) which from time to time may exceed the insurance amounts provided by the FDIC. As of December 31, 2023 and 2022, the Organization's balances did not exceed federally insured limits. The Organization has not experienced any losses in such accounts.

**App Development Costs**

App development costs are stated at the cost incurred related to the process of designing, creating, testing and launching the JesusOnline Ministries app. Future maintenance and update expenses are expensed as incurred. Amortization is computed using the straight-line method over five years.

**Measure of Operations**

The statement of activities reports all changes in net assets, including changes in net assets from the operating and non-operating activities. Operating activities consists of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

**Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; or an unconditional promise to give, or a notification of beneficial interest is received. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at net present value if expected to be collected in more than one year.

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

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period on which the support is recognized. All other donor-restricted

JESUSONLINE MINISTRIES  
Notes to Financial Statements  
December 31, 2023 and 2022

**NOTE 2 - Summary of Significant Accounting Policies** (continued)

**Revenue Recognition** (continued)

support is reported as an increase in net assets with donor restrictions. 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.

Certain donated services, goods, and facilities that meet the criteria for recognition, are reflected in the financial statements at their estimated fair market value at the time of the donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Donated assets are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time. The Organization did not receive any donated assets during the years ended December 31, 2023 and 2022.

**Methods Used for Allocation of Expenses from Management and General Activities**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, contractual services, office expenses and printing, postage and design which are allocated on the basis of estimates of time and program use.

**Reclassifications**

Certain reclassifications were made to prior year balances to conform with current year presentation.

**Subsequent Events**

Management has performed an evaluation of subsequent events through the date of this report, which is the date the financial statements were available to be issued.

**NOTE 3 - Income Taxes**

The Organization is classified as a public charity and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law. Contributions to the Organization are tax-deductible within the limitations described by the Code.

As of December 31, 2023 and 2022, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax if incurred.

JESUSONLINE MINISTRIES  
Notes to Financial Statements  
December 31, 2023 and 2022

**NOTE 3 - Income Taxes** (continued)

The Organization's informational tax returns are subject to review and examination by federal authorities. Tax returns for the year ended December 31, 2020 to 2022 are open to examination by federal authorities.

**NOTE 4 - Capitalized App Development Costs**

During 2020, the JO Discipleship App was launched. The costs incurred and amortization related to the app development costs for the years ending December 31, 2023 and 2022 are as follows:

	2023	2022
Total capitalized costs	\$ 168,350	\$ 168,350
Less: accumulated amortization	(126,302)	(92,632)
	\$ 42,048	\$ 75,718

**NOTE 5 - Contingency**

The Organization has provided a credit card to employees to be used for Organization-related business expenses. As of December 31, 2023, the credit card had a limit of \$26,000 and an interest rate of 25.24% on purchases.

**NOTE 6 - Donor Restricted Net Assets**

Donor restricted net asset activity is as follows for the year ended December 31, 2023:

	Beginning Balance	Reclassification	Additions	Releases	Ending Balance
Website development and advertising	\$ 88,676	\$ 50,000	\$ 212,630	\$ (326,804)	\$ 24,502
Development	16,556	-	-	(16,556)	-
Total	\$ 105,232	\$ 50,000	\$ 212,630	\$ (343,360)	\$ 24,502

JESUSONLINE MINISTRIES  
Notes to Financial Statements  
December 31, 2023 and 2022

**NOTE 6 – Donor Restricted Net Assets** (continued)

Donor restricted net asset activity is as follows for the year ended December 31, 2022:

	Beginning <u>Balance</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Releases</u>	Ending <u>Balance</u>
Website development and advertising	\$ 254,926	\$ -	\$ 412,000	\$ (578,250)	\$ 88,676
Development	<u>65,728</u>	<u>-</u>	<u>38,000</u>	<u>(87,172)</u>	<u>16,556</u>
Total	<u>\$ 320,654</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ (665,422)</u>	<u>\$ 105,232</u>

**NOTE 7 – Nonfinancial Contributions**

The Organization received contributions of nonfinancial services for the years ended December 31, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Google AdWords campaigns	\$ 55,665	\$ 96,687
Facebook marketing services	<u>2,500</u>	<u>3,900</u>
Total	<u>\$ 58,165</u>	<u>\$ 100,587</u>

During the years ended December 31, 2023 and 2022 all nonfinancial contributions were utilized to carry out the mission of the Organization. The services were valued and reported based on the current rates for similar services.

**NOTE 8 – Concentrations**

For the year ended December 31, 2023, the Organization received 48% of revenues from five donors, one of who is also a Board member. One Board member contributed 38% of revenues for the year ended December 31, 2022. Total contributions from all Board members and their related companies for the years ended December 31, 2023 and 2022 were \$487,384 and \$1,502,230, respectively.

**NOTE 9 – Advertising**

The cost of advertising is expensed as incurred. The Organization promotes its website using online advertising. Advertising costs are incurred when interested parties choose to visit JesusOnline Ministries websites as a result of an ad displayed through internet technologies. The websites provide free, downloadable discipleship materials and other Christ-centered resources. The total expenses related to Google AdWords, including nonfinancial contribution expenses, were 87% and 69% for the years ended December 31, 2023 and 2022, respectively. Facebook advertising expenses were 2% and 1% for the years ended December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, advertising costs totaled \$1,198,880 and \$2,591,381, respectively.

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Notes to Financial Statements  
December 31, 2023 and 2022

**NOTE 10 - Liquidity and Funds Available**

The operations of the Organization are funded through contributions. The Organizations contributions are primarily without donor restrictions; however, the Organization also receives contributions that require resources to be used in a particular manner or a future period.

The Organization manages its liquidity and reserves by operating under an adopted budget. The budget is prepared by management, who also compare the budget to actual results on a timely basis to monitor the Organization’s financial performance and adjust operations based on cash flow projections. The budget is approved by the Board of Directors.

The Organization considers financial assets unavailable for general operations when balances held are not available or expected to be converted to cash within one year, are received from donors for specific purposes, have been designated by management for a specific purpose, or are impacted by limits imposed by agreements, contracts and specific laws. The Organization’s policy is to maintain an adequate level of cash and cash equivalents without donor restrictions to support the Organization’s day-to-day operations in the event of unforeseen shortfalls. The target minimum operating reserve fund is equal to three months of recurring operating costs. In the event that liquid assets dip below the amount needed to meet their expenses advertising expenses will be reduced.

The following table reflects the Organization’s financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditures within one year of the statements of financial position date because of contractual or donor restrictions.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 117,684	\$ 210,760
Less those unavailable for general expenditures within one year due to donor restrictions	<u>(24,502)</u>	<u>(105,232)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 93,182</u>	<u>\$ 105,528</u>