

THE GOSPEL COALITION, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

THE GOSPEL COALITION, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Gospel Coalition, Inc.
Columbia, Missouri

Opinion

We have audited the accompanying financial statements of The Gospel Coalition, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities 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 The Gospel Coalition, Inc. 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 The Gospel Coalition, Inc. 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 The Gospel Coalition, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
The Gospel Coalition, Inc.
Columbia, Missouri

Auditors' Responsibility 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.

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 The Gospel Coalition, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Gospel Coalition, Inc.'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

Lawrenceville, Georgia
May 28, 2024

THE GOSPEL COALITION, INC.

Statements of Financial Position

	December 31,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 836,196	\$ 861,175
Investments	2,914,052	2,097,882
Accounts receivable	69,858	95,864
Employee Retention Credit receivable	-	421,091
Property and equipment-net	16,925	-
Prepaid expenses and other assets	65,981	146,945
	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,903,012</u>	<u>\$ 3,622,957</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 236,078	\$ 437,188
Deferred revenues	680,462	384,882
Total liabilities	<u>916,540</u>	<u>822,070</u>
Net assets:		
Without donor restrictions	2,640,763	2,712,730
With donor restrictions	345,709	88,157
Total net assets	<u>2,986,472</u>	<u>2,800,887</u>
Total Liabilities and Net Assets	<u>\$ 3,903,012</u>	<u>\$ 3,622,957</u>

See accompanying notes to the financial statements

THE GOSPEL COALITION, INC.

Statement of Activities

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions of financial assets	\$ 2,577,471	1,019,709	\$ 3,597,180
Revenue:			
Conference revenue	2,318,996	-	2,318,996
Content revenue	1,408,086	-	1,408,086
Other revenue	170,228	-	170,228
	3,897,310	-	3,897,310
Total Support and Revenue	6,474,781	1,019,709	7,494,490
RECLASSIFICATIONS:			
Net assets released from restrictions	762,157	(762,157)	-
EXPENSES:			
Program activities:			
Conferences and events	1,906,912	-	1,906,912
Other program services	3,292,556	-	3,292,556
	5,199,468	-	5,199,468
Supporting activities:			
General and administrative	1,201,572	-	1,201,572
Fundraising	907,865	-	907,865
	2,109,437	-	2,109,437
Total Expenses	7,308,905	-	7,308,905
Change in Net Assets	(71,967)	257,552	185,585
Net Assets, Beginning of Year	2,712,730	88,157	2,800,887
Net Assets, End of Year	\$ 2,640,763	\$ 345,709	\$ 2,986,472

See accompanying notes to the financial statements

THE GOSPEL COALITION, INC.

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions of financial assets	\$ 3,249,799	\$ 117,105	\$ 3,366,904
Revenue:			
Conference revenue	2,435,772	-	2,435,772
Content revenue	1,143,657	-	1,143,657
Employee Retention Credit	421,091	-	421,091
Other revenue	39,352	-	39,352
	4,039,872	-	4,039,872
Total Support and Revenue	7,289,671	117,105	7,406,776
RECLASSIFICATIONS:			
Net assets released from restrictions	142,948	(142,948)	-
EXPENSES:			
Program activities:			
Conferences and events	1,977,039	-	1,977,039
Other program services	2,978,675	-	2,978,675
	4,955,714	-	4,955,714
Supporting activities:			
General and administrative	1,331,946	-	1,331,946
Fundraising	760,849	-	760,849
	2,092,795	-	2,092,795
Total Expenses	7,048,509	-	7,048,509
Change in Net Assets	384,110	(25,843)	358,267
Net Assets, Beginning of Year	2,328,620	114,000	2,442,620
Net Assets, End of Year	\$ 2,712,730	\$ 88,157	\$ 2,800,887

See accompanying notes to the financial statements

THE GOSPEL COALITION, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 185,585	\$ 358,267
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,253	-
Changes in operating assets and liabilities:		
Employee Retention Credit receivable	421,091	(421,091)
Accounts receivable	26,006	(49,059)
Prepaid expenses and other assets	80,964	(62,689)
Deferred revenues	295,580	(495,896)
Accounts payable and accrued expenses	(201,110)	244,970
Net Cash Provided (Used) by Operating Activities	809,369	(425,498)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sell of investments	750,000	2,100,000
Purchases of investments	(1,566,170)	(1,846,487)
Purchases of fixed assets	(18,178)	-
Net Cash Provided (Used) by Investing Activities	(834,348)	253,513
Net Change in Cash and Cash Equivalents	(24,979)	(171,985)
Cash and Cash Equivalents, Beginning of Year	861,175	1,033,160
Cash and Cash Equivalents, End of Year	\$ 836,196	\$ 861,175

See accompanying notes to the financial statements

THE GOSPEL COALITION, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

The mission of The Gospel Coalition, Inc. (the Organization) was formed in 2006. The Organization is a fellowship of evangelical churches in the Reformed tradition deeply committed to renewing faith in the gospel of Christ and to reform ministry practices to conform fully to the Scriptures. The Organization does this by providing biblically faithful content through various media sources, hosting conferences, and through a community of churches and individuals.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code) and comparable state law. Contributions to the Organization are deductible from income taxes within the limitations prescribed by the Code. The Organization is not a private foundation under Section 509(a)(1) of the Code. The primary source of revenue for the Organization is contributions from the general public.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes checking accounts and savings accounts. While occasionally deposits may be in excess of federally insured limits, the Organization has not experienced any losses in such accounts. At December 31, 2023 cash balances did not exceed federally insured limits and at December 31, 2022, cash balances exceeded federally insured limits by \$281,584.

INVESTMENTS

Investments consist of a money market account that is reported at cost plus accrued interest with interest income included in the statements of activities. Donated investments are recorded at market value at the date of donation and liquidated upon receipt.

THE GOSPEL COALITION, INC.

Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE

The Organization has trade receivables from book sales and royalty fees and considers these receivables to be fully collectible. Therefore, management has not established an allowance for uncollectible accounts.

EMPLOYEE RETENTION CREDIT RECEIVABLE

For the year ended December 31, 2022, the statements of financial position included government funds receivable for the amount of credit expected to be claimed under the Employee Retention Credit (ERC) which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization. For the year ended December 31, 2022, the amount of receivable outstanding was \$421,091. Management collected the receivable during the year ended December 31, 2023.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization generally capitalizes all property and equipment acquisitions in excess of \$2,500. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years.

DEFERRED REVENUE

Deferred revenue consists solely of event revenues received in the fiscal year prior to events being carried out. The amount is earned and recognized when the event obligation has been satisfied.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available for operating purposes under the direction of the board, or invested in property and equipment, net of accumulated depreciation.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

All contributions are considered available for use without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

THE GOSPEL COALITION, INC.

Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUES, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as reclassifications. As of December 31, 2023 and 2022, the Organization had \$336,808 and \$88,157, respectively, in donor restricted funds for the purpose of programs and international relief.

Conference revenues are recognized in the fiscal year in which the event takes place. Content revenue is recognized when goods are delivered or services are performed. Payments received for future periods are deferred at year-end. Substantially all deferred payments are recognized as revenue during the following year.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

RECENTLY ADOPTED ACCOUNTING STANDARD

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-03, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are accounts receivable. The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

THE GOSPEL COALITION, INC.

Notes to Financial Statements

December 31, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, 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. The Organization considers general expenditures to be all expenditures related to fulfilling its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

	December 31,	
	2023	2022
Financial assets, at year-end and available to meet cash needs for general expenditures within one year:		
Cash and cash equivalents	\$ 836,196	\$ 861,175
Investments	2,914,052	2,097,882
Accounts receivable	69,858	95,864
Government funds receivable	-	421,091
	<u>\$ 3,820,106</u>	<u>\$ 3,476,012</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. FURNITURE AND EQUIPMENT-NET:

Furniture and equipment-net consist of:

	December 31,	
	2023	2022
Equipment	\$ 8,302	\$ 1,671
Furniture and equipment	11,546	-
Less accumulated depreciation	(2,923)	(1,671)
	<u>\$ 16,925</u>	<u>\$ -</u>

THE GOSPEL COALITION, INC.

Notes to Financial Statements

December 31, 2023 and 2022

5. EXPENSES BY BOTH NATURE AND FUNCTION:

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Payroll and benefits are allocated on an analysis of employee time and effort for the employees incurring the expense. All other expenses are allocated based on an analysis of the employee or event incurring the expense.

Functional expenses by natural classification for the year ended December 31, 2023:

	Program Activities			Supporting Activities			
	Conference and Events	Other Program Services	Total Program Activities	General and Administrative	Fundraising	Total Supporting Activities	Total
Payroll and benefits	\$ 557,995	\$ 1,727,953	\$ 2,285,948	\$ 636,514	\$ 451,650	\$ 1,088,164	\$ 3,374,112
Contractor fees	63,942	639,420	703,362	181,169	181,169	362,338	1,065,700
Professional fees	-	8,082	8,082	25,593	-	25,593	33,675
Travel and meetings	234,675	173,319	407,994	99,308	22,694	122,002	529,996
Technology	73,764	248,391	322,155	93,944	52,522	146,466	468,621
Marketing	135,237	224,165	359,402	2,578	120,180	122,758	482,160
Production and design	488,958	39,799	528,757	-	39,799	39,799	568,556
Other	352,341	231,427	583,768	162,466	39,851	202,317	786,085
	\$ 1,906,912	\$ 3,292,556	\$ 5,199,468	\$ 1,201,572	\$ 907,865	\$ 2,109,437	\$ 7,308,905

THE GOSPEL COALITION, INC.

Notes to Financial Statements

December 31, 2023 and 2022

5. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification for the year ended December 31, 2022:

	Program Activities			Supporting Activities			Total
	Conference and Events	Other Program Services	Total Program Activities	General and Administrative	Fundraising	Total Supporting Activities	
Payroll and benefits	\$ 496,754	\$ 1,542,589	\$ 2,039,343	\$ 566,000	\$ 401,304	\$ 967,304	\$ 3,006,647
Contractor fees	49,526	495,263	544,789	140,325	140,325	280,650	825,439
Professional fees	-	34,458	34,458	109,116	-	109,116	143,574
Travel and meetings	303,299	41,359	344,658	88,155	49,817	137,972	482,630
Technology	75,615	246,514	322,129	85,213	42,842	128,055	450,184
Marketing	237,504	59,782	297,286	180,143	45,681	225,824	523,110
Production and design	448,678	403,360	852,038	-	31,174	31,174	883,212
Other	365,663	155,350	521,013	162,994	49,706	212,700	733,713
	\$ 1,977,039	\$ 2,978,675	\$ 4,955,714	\$ 1,331,946	\$ 760,849	\$ 2,092,795	\$ 7,048,509

THE GOSPEL COALITION, INC.

Notes to Financial Statements

December 31, 2023 and 2022

6. CONCENTRATIONS:

During the year ended December 31, 2022, the Organization received 24% of total contributions from three donors. The Organization's operations and program activities could be impacted if these donor relationships and/or funding source were to be terminated and could not be replaced by new donors with comparable donations and/or a new funding source; however, in the near term, the Organization believes these major donor relationships will be maintained.

7. SUBSEQUENT EVENTS:

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