MENNOMEDIA, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

(See Independent Accountants' Review Report)

TABLE OF CONTENTS

BEE BERGVALL & CO.
Certified Public Accountants
936 Easton Rd., PO Box 754, Warrington, PA 18976 | 70 W. Oakland Ave., Suite 203, Doylestown, PA 18901
130 Almshouse Rd. Suite 201A, Richboro, PA 18954
215-343-2727 | www.bbco-cpa.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
MennoMedia, Inc.
Harrisonburg, Virginia 22801

We have reviewed the accompanying financial statements of MennoMedia, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows 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 entity 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 accounting principles generally accepted in the United States of America; this includes 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 engagement 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 accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Accountants' Conclusion

Based on our review, 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 accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of MennoMedia, Inc. as of June 30, 2021, were reviewed by other accountants whose report dated October 28, 2021 indicated they were not aware of any material modifications that should be made to the financial statements for the year then ended.

Supplementary Information

The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Bee, Bergvall & Co.

Bee, Bergvall & Company, P.C.
Certified Public Accountants

Warrington, PA
November 7, 2022

MENNOMEDIA, INC.

Statements of Financial Position

June 30, 2022 and 2021

ASSETS

	2022	2021
Current Assets		
Cash and cash equivalents	$ 411,468	$ 243,244
Accounts receivable, net of allowance for doubtful accounts of $8,000 and $8,000	304,957	380,863
Inventories	252,562	189,196
Prepaid expenses	78,983	131,203
Total Current Assets	1,047,970	944,506
Non-Current Assets		
Property and equipment, net	21,492	28,797
Other Assets		
Finished goods inventory, net, in excess of amounts expected to be sold currently	252,563	195,055
MASP reserve	66,774	66,396
Security deposits	-	2,600
Total Other Assets	319,337	264,051
TOTAL ASSETS	$ 1,388,799	$ 1,237,354

LIABILITIES AND NET ASSETS

	2022	2021
Current Liabilities		
Current portion of pension liability	$ 5,000	$ 5,000
Accounts payable	175,621	163,428
Unearned subscription revenue	81,247	64,230
Accrued expenses and other payables	96,421	157,330
Deferred revenue	762	762
Line of credit	76,000	-
Total Current Liabilities	435,051	390,750
Long-Term Liabilities		
Pension liability, net of current portion	33,182	35,081
Total Long-Term Liabilities	33,182	35,081
TOTAL LIABILITIES	468,233	425,831
Net Assets		
Without Donor Restriction	406,231	706,033
With Donor Restriction	514,335	105,490
TOTAL NET ASSETS	920,566	811,523
TOTAL LIABILITIES AND NET ASSETS	$ 1,388,799	$ 1,237,354

See accompanying notes and Independent Accountants' Review Report

MENNOMEDIA, INC.

Statements of Activities

For the Years Ended June 30, 2022 and 2021

	2022	2021
Sales		
Herald Press	$1,175,964	$1,086,645
Church Resources	1,048,858	1,816,624
Electronic Media	-	100
Total Sales	2,224,822	2,903,369
Cost of Sales	630,902	763,918
Gross Margin	1,593,920	2,139,451
Functional Expenses		
Program		
Herald Press	531,086	554,448
Church Resources	983,597	763,039
Electronic Media	828	583
Support Services		
General and Administrative	814,235	766,826
Fundraising	69,194	110,525
Total Functional Expenses	2,398,940	2,195,421
Operating Loss	(805,020)	(55,970)
Other Income (Expense)		
Contributions received	292,095	404,771
Rental income	300	3,600
Interest income	542	687
Gain (loss) on foreign currency exchange	(6,274)	8,389
Interest expense	(1,476)	-
Bad debt expense	(86)	(65)
Pension recovery (expense)	(3,249)	(2,220)
Miscellaneous income	9,732	41,763
Paycheck Protection Program grant	-	32,732
Net assets released from restrictions	213,634	66,059
Total Other Income	505,218	555,716
Changes in Net Assets Without Donor Restrictions	(299,802)	499,746
Changes in Net Assets With Donor Restrictions		
Contributions received	622,479	33,798
Net assets released from restrictions	(213,634)	(66,059)
Changes in Net Assets With Donor Restrictions	408,845	(32,261)
Total Changes in Net Assets	$ 109,043	$ 467,485

See accompanying notes and Independent Accountants' Review Report

MENNOMEDIA, INC.

Statements of Changes in Net Assets

For the Years Ended June 30, 2022 and 2021

		Without Donor Restrictions	With Donor Restrictions	Total
Restated Net Assets,	June 30, 2020	$ 206,287	$ 137,751	$ 344,038
Changes in net assets		499,746	(32,261)	467,485
Restated Net Assets,	June 30, 2021	706,033	105,490	811,523
Changes in net assets		(299,802)	408,845	109,043
Net Assets,	June 30, 2022	$ 406,231	$ 514,335	$ 920,566

See accompanying notes and Independent Accountants' Review Report

MENNOMEDIA, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ 109,043	$ 467,485
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Change in reserve for inventory obsolescence	(15,105)	12,766
Depreciation expense	10,709	11,166
(Gain) loss on foreign currency exchange	6,274	(8,389)
Bad debts	86	-
Other income from Paycheck Protection Program Grant	-	(32,732)
Changes in operating assets and liabilities		
(Increase)/Decrease in accounts receivable	75,820	(59,560)
(Increase)/Decrease in inventories	(105,769)	(43,894)
(Increase)/Decrease in prepaid assets	54,820	(3,315)
(Increase)/Decrease in MASP reserve	(378)	(51,783)
Increase/(Decrease) in accounts payable	12,193	(30,757)
Increase/(Decrease) in unearned subscription revenue	17,017	(7,646)
Increase/(Decrease) in accrued expenses and other payables	(60,909)	7,912
Increase/(Decrease) in deferred revenue	-	(811,297)
Increase/(Decrease) in Pension liability	(1,899)	(2,746)
Net cash provided by (used in) operating activities	101,902	(552,790)
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,404)	(16,391)
Net cash provided by (used in) investing activities	(3,404)	(16,391)
Cash Flows from Financing Activities		
Line of credit draw	76,000	-
Net cash provided by (used in) financing activities	76,000	-
Net increase/(decrease) in cash and cash equivalents	174,498	(569,181)
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents	(6,274)	18,180
Cash and cash equivalents, beginning of year	243,244	794,245
Cash and cash equivalents, end of year	$ 411,468	$ 243,244

See accompanying notes and Independent Accountants' Review Report

MENNOMEDIA, INC.

Statements of Functional Expenses

For the Year Ended June 30, 2022

	Herald Press	Church Resources	Electronic Media	General & Admin	Fund Raising	2022 Total
Salaries and wages	$ 53,208	$ 212,380	$ -	$ 393,855	$ 32,737	$ 692,180
Payroll taxes	3,841	19,620	-	19,278	1,403	44,142
Employee benefits	7,436	22,332	-	35,665	-	65,433
Retirement plan	4,240	13,712	-	32,872	5,274	56,098
Supplies	4	5,946	-	8,157	13,073	27,180
Repairs and maintenance	-	-	-	38,287	-	38,287
Warehousing and fulfillment	162,456	-	-	-	-	162,456
Postage and delivery	2,821	59,531	-	458	3,651	66,461
Travel and Conferences	1,787	7,873	-	9,455	6,552	25,667
Insurance	-	-	-	37,463	4,842	42,305
Dues and subscriptions	-	21,880	-	29,165	54	51,099
Professional Fees	58,351	104,168	-	118,313	965	281,797
Advertising and promotion	84,292	28,781	-	3	-	113,076
Royalty fees	132,970	128,208	-	-	-	261,178
Shared projects	-	316,003	-	-	-	316,003
Manuscripts	1,907	28,595	-	-	-	30,502
Art and photo	1,550	8,356	-	-	-	9,906
Rent	-	-	-	19,875	-	19,875
Telephone	-	357	-	24,122	350	24,829
Depreciation	-	3,504	-	7,205	-	10,709
Comp costs	14,392	108	828	168	-	15,496
Bank charges	-	-	-	32,383	-	32,383
Cost of sales	490,515	140,387	-	-	-	630,902
Miscellaneous	1,831	2,243	-	7,511	293	11,878
	$ 1,021,601	$ 1,123,984	$ 828	$ 814,235	$ 69,194	$ 3,029,842
Less direct expenses related to:						
Cost of sales	(490,515)	(140,387)	-	-	-	(630,902)
Total Functional Expenses	$ 531,086	$ 983,597	$ 828	$ 814,235	$ 69,194	$ 2,398,940

See accompanying notes and Independent Accountants' Review Report

MENNOMEDIA, INC.

Statements of Functional Expenses

For the Year Ended June 30, 2021

	Herald Press	Church Resources	Electronic Media	General & Admin	Fund Raising	2021 Total
Salaries and wages	$ 45,197	$ 159,436	$ -	$ 370,081	$ 79,020	$ 653,734
Payroll taxes	2,884	12,002	-	25,780	3,647	44,313
Employee benefits	6,139	21,493	-	28,775	-	56,407
Retirement plan	3,377	12,283	-	29,656	4,800	50,116
Supplies	161	450	-	10,099	5,991	16,701
Repairs and maintenance	-	-	-	41,684	-	41,684
Warehousing and fulfillment	140,624	-	-	-	-	140,624
Postage and delivery	1,196	46,878	-	536	2,256	50,866
Travel and Conferences	-	78	-	1,886	84	2,048
Insurance	-	-	-	30,743	3,870	34,613
Dues and subscriptions	-	20,564	-	8,892	-	29,456
Professional Fees	74,678	97,364	-	121,011	10,275	303,328
Advertising and promotion	87,900	41,676	-	4	-	129,580
Royalty fees	126,212	626	-	-	-	126,838
Shared projects	-	298,794	-	-	-	298,794
Manuscripts	28,011	30,002	-	-	-	58,013
Art and photo	13,505	6,206	-	-	-	19,711
Rent	-	-	-	28,521	-	28,521
Telephone	-	910	-	24,112	525	25,547
Depreciation	-	-	-	11,166	-	11,166
Comp costs	23,868	14,277	583	92	-	38,820
Bank charges	-	-	-	31,534	-	31,534
Cost of sales	400,522	363,396	-	-	-	763,918
Miscellaneous	696	-	-	2,254	57	3,007
	$ 954,970	$ 1,126,435	$ 583	$ 766,826	$ 110,525	$ 2,959,339
Less direct expenses related to:						
Cost of sales	(400,522)	(363,396)	-	-	-	(763,918)
Total Functional Expenses	$ 554,448	$ 763,039	$ 583	$ 766,826	$ 110,525	$ 2,195,421

See accompanying notes and Independent Accountants' Review Report

NOTE 1. Summary of Significant Accounting Policies

Organization: MennoMedia, Inc. is the publishing and media agency of the Mennonite Church USA and the Mennonite Church Canada. The Organization's purpose is to provide resources for individuals, churches, and society from an Anabaptist Christian perspective.

MennoMedia, Inc. has two main divisions: Herald Press, which publishes books for the Mennonite Church and for religious and general booksellers, and Church Resources, which publishes congregational resources materials including periodicals.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimated 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk: Certain cash deposits exceeded the Federal Depository Insurance Corporation (FDIC) limits. The Organization has not experienced any losses from these accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents. At times, balances may exceed these limits.

Accounts Receivable: Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Receivables are considered past due after 90 days.

Shared Projects: The Organization has products which they have entered into a collaborative arrangement with another publisher. As a result of the arrangement, the Organization shares in expenses and net profits of the project, which are included in shared projects expense and sales, respectively.

NOTE 1. Summary of Significant Accounting Policies (Continued)

Prepaid Expenses: Prepaid expenses consists of insurance, royalties and other items paid in advance.

Inventory Valuation: Inventories are carried at the lower of cost (first-in, first -out method) or net realizable value. The Organization has adopted a method of valuing obsolete inventory by setting up a reserve for obsolete inventory. Inventory obsolescence is estimated based on a review if damaged, obsolete or otherwise unsalable inventory. The review encompasses historical unit sale trends by title and current market conditions. The amount that is determined to be obsolete is set up as a reserve on the statements of financial position reducing the value of the inventory. Due to the inherent uncertainties in estimating customer demand and analyzing market conditions and sales trends, it is a least reasonably possible that the estimates used will change within the near term.

Property and Equipment: Property and equipment is stated at cost, or fair value if contributed, net of accumulated depreciation. Expenditures that significantly add to productive capacity, or extend the useful life of an asset, are capitalized. Maintenance and repairs are charged to expense as incurred. When depreciable properties are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in income. Depreciation is computed by the straight-line method at rates based on estimated service lives.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with donor restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. 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 as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at the time.

Long-Lived Assets: The Organization reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In such cases, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset.

NOTE 1. Summary of Significant Accounting Policies (Continued)

Mutual Aid Sharing plan: The Organization is a member of a mutual aid sharing plan in which medical expenses are shared among the participation agencies once the agency retention has been reached ($12,500 per covered person). The plan requires each agency to pay into a pool of reserve funds owned by the members. The reserve pool covers the next $250,000 of any individual’s claims that exceed the Organization’s retention limit with stop loss protection for claims more than $250,000. The total reserve fund owned by the Organization as of June 30, 2022 and 2021 was $66,774 and $66,396, respectively. Costs related to claims are expensed as incurred.

Net Assets: The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Under these provisions, net assets and revenues, expensed, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein consist of the following:

Net Assets with Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets that have been designated by the board for specific purposed are included as net assets without donor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization.

Foreign Currency: Currency other than U.S. dollars is translated at the rate of exchange in effect on the statement of financial position date and activity in currency other than U.S. dollars is recorded at the rate of exchange in effect at the time of the transaction. Gains and losses from foreign currency transactions are included in the changes in net assets for the period.

Revenue Recognition: The Organization recognizes revenues from contracts with customers in accordance with Financial Accounting Standards board (FASB) Accounting Standards Codification. This applies only to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

NOTE 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (continued)

Revenue is recognized when earned revenues are reported as increases in Net Assets Without Donor Restrictions, unless the related assets are limited by donor-imposed restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in Net Assets Without Donor Restrictions unless their use is restricted by explicit donor stipulation or by law.

Unconditional promises to give are recorded as received. Unconditional promises to give, which are due in the next year are recorded at their net realizable value. Unconditional promises to five which are due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the year in which the promised are received to discount the amounts. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end. Conditional promises to give are not included as support until such time as conditions substantially met. There were no unconditional or conditional promises to give at June 30, 2022 and 2021.

Royalty and Rights Income: The Organization recognizes revenue from royalties and rights during the year in which the related performance obligations are met.

Product Sales: The Organization sells books, church resources, and electronic media through distributors and an online store. The transaction prices for the various products are set by the Organization, and each item is individually priced, so no allocation of the transaction prices is required. With product sales, the performance obligation is delivery of the product. Revenues from product sales are recognized at a point in time when the sale takes place. This occurs when the product is shipped to the customer, or the customer can access the media electronically. All product shipments are sent, and electronic access is given to customers prior to June 30, therefore no unearned revenue was recorded. Customers have the right to return physical books and church resources purchased. Product returns and refunds are both infrequent and immaterial, therefore, no liability was considered necessary at June 30, 2022 and 2021. Customers do not have the right to return electronic media, therefore no liability was recorded at June 30, 2022 and 2021. Revenue recognized from product sales totaled $2,206,994 and $2,811,981 for the year ended June 30, 2022 and 2021, respectively.

NOTE 1. Summary of Significant Accounting Policies (Continued)

Subscription Sales: The Organization sells subscriptions of publications to subscribers. The transaction prices for the various subscriptions are set by the Organization, and each subscription is individually prices, so no allocation of the transaction prices is required. With subscriptions sales, the performance obligation is delivery of the publication over a period. Revenues from subscription sales are recognized over a period until the subscription period ends. Unearned subscription revenue was $81,247 and $64,230 at June 30, 2022 and 2021, respectively. Revenue recognized from subscription sales totaled $85,250 and $91,388 for the years ended June 30, 2022 and 2021, respectively.

Functional Allocation of Expenses: The costs of providing the various activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the functions benefited.

Retirement Plans: The Organization has two defined contributions plans covering substantially all hourly and salaried employees who meet certain eligibility requirements. The Organizations adopted separate plans to cover employees who are residents of the United States of America and those who are Canadian residents. The Organization contributed 8% of the employee's eligible compensation for the years ended June 30, 2022. Contributions for the years ended June 30, 2022 and 2021 totaled $56,098 and $50,116, respectively.

The Organization is still required to make payments under a defined benefit plan that was provided to its employees prior to January 1, 1964. This plan is more fully described in Note 9.

Advertising: All advertising costs are expensed when incurred. Advertising expenses totaled $113,076 and $129,580 for the years ended June 30, 2022 and 2021, respectively.

Shipping and Handling Costs: The Organization records all costs incurred for shipping and handling in postage and delivery expense. These costs, net of income charged to customers of $85,367 and $186,919, totaled $66,461 and $50,866 for the years ended June 30, 2022 and 2021, respectively.

Income Taxes : The Organization was organized as a nonprofit corporation under the laws of the Commonwealth of Virginia. The organization is exempt from United States federal income taxes under Section 501c (3) of the internal Revenue Code and is exempt from Canadian income taxes. The Organization's federal tax returns are subject to audit by taxing authorities. The Organization's returns open audit periods are for the years ending June 30, 2019-2021.

NOTE 1. Summary of Significant Accounting Policies (Continued)

Presentation of Sales Tax: The various states in which the Organization operates impose sales tax on all the Organization's sales to non-exempt customers. The Organization collects that sales tax from customers and remits the entire amount to the various states. The Organization's accounting policy is to exclude the tax collected and remitted to the various states from revenue and cost of sales.

Accrued Interest and Penalties Related to Unrecognized Tax Benefits: The Organization reports accrued interest and penalties related to unrecognized tax benefits as interest and penalties expense, respectively. There were no interest or penalties related to unrecognized tax benefits for the years ended June 30, 2022 and 2021.

Compensated Absences: The Organization allows employees to carry over certain paid time off. Upon separation, the accumulated paid time off will be paid for any time not taken.

Deferred or Unearned Revenue: Revenue that is received in advance of earning is recorded as deferred or unearned revenue. The primary category of unearned revenue is subscription revenue.

Subsequent Events: Events that occurred subsequent to June 30, 2022 have been evaluated by the Organization's management through the date of the independent accountants' review report, which is the date the financial statements were available to be issued.

Reclassifications: Certain reclassifications to the prior year amounts have been made to conform to the current year's presentation.

Prior Period Adjustment: A prior period adjustment of $39,501 was made to write off accounts receivable.

NOTE 2. New Accounting Standards

ASU No. 2016-02, "Leases (Topic 842): This standard, which requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Recognition, measurement and presentation of expenses will depend on classification as a finance or operating lease. This accounting standard is effective for fiscal years beginning after December 15, 2021. Early application is permitted. The Organization is evaluating the impact the adoption will have on its financial statements.

ASU No. 2018-18, Collaborative Arrangement (Topic 808): Clarifying the Integration between Topic 808 and Topic 606. This standard clarifies that certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606 when the collaborative arrangement participant is a customer in the context of a unit of account. Further, the new standard adds unit-of-account guidance to Topic 808 to align with the guidance in Topic 606 when an entity is assessing whether the collaborative arrangement or part of the arrangement is within the scope of Topic 606. The new standard requires that in transactions with a collaborative arrangement participant that is not directly related to sales to third parties, presenting under Topic 606 is precluded if the collaborative arrangement participant is not a customer. The new standard is effective for fiscal years beginning after December 15, 2020. The adoption of the new standard had no effect on the statements.

ASU No. 2020-07 (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets: This standard requires not-for-profit entities to present contributed nonfinancial assets separately and increases disclosures related to these contributions. Additional disclosures will include disaggregation of contributed nonfinancial assets, policies related to monetizing or utilizing these contributions, and a description of how the value of these contributions was determined. This standard was implemented in the fiscal year ending June 30, 2022. The standard enhanced disclosures but had no effect on net assets.

NOTE 3. Liquidity and Availability

As of June 30, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, and schedule principal payments on debt, were as follows:

Financial assets:	2022	2021
Cash and cash equivalents	$ 411,468	$ 243,244
Account receivables	304,957	380,863
Total financial assets	716,425	624,107
Less those unavailable for general expenditures within one year		
Donor restriction	(514,335)	(105,490)
Financial assets available to meet cash needs for general expenditures within one year	$ 202,090	$ 518,617

The Organization sets a goal of having financial assets on hand to meet 30 days of normal operating expenses, which are, on average, around $250,000. 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.

NOTE 4. Inventories

As of June 30, 2022 and 2021 inventories consist of the following:

	2022	2021
Finished goods	$ 583,056	$ 447,077
Reserve for inventory obsolescence	(77,931)	(62,826)
Total inventories	505,125	384,251
Less finished goods inventory in excess of amounts expected to be sold currently	252,563	195,055
Total Current Inventories	$ 252,562	$ 189,196

NOTE 5. Property and Equipment

As of June 30, 2022 and 2021 property and equipment consist of the following:

	2022	2021
Furniture and fixtures	$ 156,631	$ 156,833
Less accumulated depreciation	(135,139)	(128,036)
Total Property and Equipment, Net	$ 21,492	$ 28,797

Depreciation expense totaled $10,709 and $11,166 for the year ended June 30, 2022 and 2021, respectively.

NOTE 6. Line of Credit

The Organization has a $300,000 revolving line of credit with Everence Federal Credit Union. Interest is payable monthly at the Wall Street Journal Prime rate plus 1.00%, with a floor of 5.50%. This note is secured by substantially all assets of the Organization. The amount drawn down and outstanding at June 30, 2022 and 2021 totaled $76,000 and $0, respectively.

NOTE 8. Foreign Currency Assets and Liabilities

The statements of financial position reflect foreign accounts in the U.S. dollar equivalent using the rate of exchange at year end. Exchange adjustments resulting from foreign currency transactions are recognized currently in the statements of activities. Foreign currency exchanges resulted in a gain (loss) of $(6,274) and $8,389 for the years ended June 30, 2022 and 2021, respectively.

Included in the financial statements are translated Canadian assets and liabilities as of as follows:

	2022	2021
Exchange rate at June 30	0.7734	0.8083
Translated Canadian assets	$ 165,787	$ 243,967
Translated Canadian liabilities	(37,565)	(7,365)
Total	$ 128,222	$ 236,602

NOTE 9. Pension Plan

The Organization assumed the liability and payments of Mennonite Publishing Network unfunded pension program as part of the merger. The Organization and formerly Mennonite Publishing Network has been paying benefits directly to retired employees who were covered under an unfunded pension program prior to January 1, 1964. The statements of financial position include an estimated pension liability for this obligation. When pension payments are made to the retired employees, the pension liability is reduced and an amount is charged to expense as follows:

	2022	2021
Beginning pension liability	$ 40,081	$ 42,827
Payments to retirees	(5,148)	(4,966)
Pension expense (recovery)	3,249	2,220
Ending Pension Liability	38,182	40,081
Less current portion	5,000	5,000
Total Long-Term Pension Liability	$ 33,182	$ 35,081

The pension liability is calculated by an actuary and is based on the estimated remaining life expectancy of the retirees and their promised monthly benefit as adjusted using an inflationary rate based on the September-to-September Consumer Price Index-U. The inflationary rates for the years ended June 30, 2022 and 2021 were 5.39% and 1.30%, respectively.

NOTE 10. Related Party Transactions

The Organization rents various facilities from the Mennonite Church USA under month to-month rental agreements. Rent expenses paid to this related party amounted to $5,035 and $4,968 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10. Related Party Transactions (Continued)

The Organization makes payments to other entities related to the Mennonite Church that support activities that agree with the mission of the Organization. Payments to these related entities totaled $25,864 and $10,920 for the years ended June 30, 2022 and 2021, respectively; of which $586 and $2,143 were payable at year end, respectively. The Organization receives expense reimbursements and other miscellaneous income from these related entities, totaling $788 and $6,514 for the years ended June 30, 2022 and 2021, respectively; of which $0 and $0 were receivable at year end, respectively.

NOTE 11. Shared Projects

The Organization is involved in a collaborative arrangement with another nonprofit publisher in the development, publication, and sale of curriculum denominations within the Mennonite Church USA and the Mennonite Church Canada, as well as incidental sales relating to these denominations are recorded in Church Resource sales and the relating cost of goods sold is recorded in cost of sales. Revenue from sales to other parties unrelated to the Mennonite Church USA and Canada are recorded in Church Resource sales, net of related cost of sales.

The Shine curriculum began in the fall of 2014. Shine sales and cost of sales to parties related to the Mennonite Church USA and Canada totaled $160,859 and $121,979 for the year ended June 30, 2022 and 2021 and $316,003 and $303,191 for the years ended June 30, 2022 and 2021, respectively. Resource sales totaled $22,305 and $92,254 for the years ended June 30, 2022 and 2021, respectively. The Organization owed $44,506 and $69,878 to this project for costs related to Shine at June 30, 2022 and 2021, respectively. The project owed $24,579 and $93,698 to the Organization at June 30, 2022 and 2021, respectively.

The Organization has included in inventory at June 30, 2022 and 2021, its portion of inventory related to Shine that is jointly owned with the other publisher. The Organization's portion of jointly owned inventory was $14,732 and $47,183 at June 30, 2022 and 2021, respectively.

NOTE 12. Operating Leases

The Organization has a lease agreement for office space requiring monthly lease payments of $2,678 through October 2020. The lease was extended for an additional one-year period requiring monthly lease payments of $1,500 through October 2021. Total rent expense under this lease for the years ended June 30, 2022 and 2021 was $0 and $21,534, respectively.

Beginning July 1, 2021, the Organization has a lease agreement for office space requiring monthly lease payments of $975, increasing by 5% annually through June 2024. Minimum future lease payments on the office spaces are as follows: 2023 - $12,285; and 2024 - $12,899. The Organization has a separate month to month lease for $414 per month. Total rent expense under these two leases for the year ended June 30, 2022 was $16,735.

The Organization leases office equipment under the terms of a lease agreement requiring quarterly payments of $450 plus taxes and fees through June 2024. Total rent expense under this lease for the years ended June 30, 2022 and 2021 was $1,800 and $2,019, respectively. Minimum future lease payments are as follows: 2023 - $1,800; and 2024 - $1,800.

The Organization subleased a portion of the building for the duration of their time as lessees of the property. Total rental income received under sublease agreements was $300 and $3,600 for the years ended June 30, 2022 and 2021, respectively.

NOTE 13. Income Taxes

The Organization was granted an exemption from United States federal income taxes under Section 501(c)(3) of the Internal Revenue Code whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization may allocate direct expenses between exempt functions and the unrelated business activities when calculating the unrelated business income. The Organization follows Generally Accepted Accounting Principles, which requires an asset and liability approach to financial accounting and reporting for income taxes. The differences between the financial statement and tax basis of assets and liabilities are determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income.

NOTE 13. Income Taxes (Continued)

Valuation allowances are established, if necessary, to reduce the deferred tax asset and/or liability to the amount that will "more likely than not" be realized. At June 30, 2022 and 2021, the Organization had net operating loss carryforwards totaling approximately $125,000, which may be offset against future taxable income. The net operating loss carryforwards were brought into MennoMedia, Inc. by Mennonite Publishing Network as a result of the merger and will expire starting in 2021 through 2025. A deferred tax asset has not been recognized for the years ended June 30, 2022 and 2021 due to management's expectation that the net operating loss carryforwards may not be utilized.

NOTE 14. Net Assets

Net assets with donor restrictions are subject to the following purpose restrictions:

	2022	2021
Subject to purpose restrictions:		
Publishing	$ 514,335	$ 68,077
Electronic Media	-	32,490
Total	514,335	100,567
Subject to time restrictions:		
Publishing	-	4,923
Total	-	4,923
Total Net Assets with Donor Restrictions	$ 514,335	$ 105,490

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restrictions specified by donors was as follows:

	2022	2021
Subject to purpose restrictions:		
Publishing	$ 213,634	$ 52,639
Electronic Media	-	3,341
Curriculum	-	10,079
Total	$ 213,634	$ 66,059

SUPPLEMENTARY INFORMATION

MENNOMEDIA, INC.

Statements of Financial Position Detail

June 30, 2022 and 2021

	2022	2021
Prepaid Expenses		
Insurance	$ 3,212	$ 3,133
Advanced royalties	71,019	125,645
Other	4,751	2,425
Total Prepaid Expenses	$ 78,982	$ 131,203
Accrued Expenses and Other Payables		
Salaries and wages	$ 29,303	$ 23,952
Vacation wages	25,540	27,181
Royalties	32,005	94,468
Other accrued expenses	9,573	11,729
Total Accrued Expenses and Other Payables	$ 96,421	$ 157,330