

**PROCLAIMING JUSTICE TO THE NATIONS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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## Independent Auditor's Report

To the Board of Directors of  
Proclaiming Justice to the Nations, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of Proclaiming Justice to the Nations, Inc. (a Tennessee not-for-profit corporation), which comprise the statement of certain assets and liabilities as of December 31, 2018, the related statement of revenue collected and expenses - modified cash basis and functional expenses - modified cash basis for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the certain assets and liabilities of Proclaiming Justice to the Nations, Inc. as of December 31, 2018, and its revenue collected and expenses during the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
November 19, 2019

**PROCLAIMING JUSTIVE TO THE NATIONS, INC.**  
**STATEMENT OF CERTAIN ASSETS AND LIABILITIES**  
**DECEMBER 31, 2018**

**Assets recognized**

Cash	\$ 40,761
Property and equipment, at cost:	
Contributed antiques	6,000
Website	5,025
Furniture and equipment	19,267
Less accumulated depreciation	<u>(23,948)</u>
Total assets recognized	47,105

**Liabilities recognized**

Credit cards payable	28,094
Payroll liabilities	<u>20,802</u>
Total liabilities recognized	48,896

Excess of liabilities recognized over assets recognized \$ (1,791)

The accompanying notes are an integral part of these financial statements.

**PROCLAIMING JUSTICE TO THE NATIONS, INC.**  
**STATEMENT OF REVENUE COLLECTED AND EXPENSES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2018**

**Revenue collected**

Contribution revenue	\$ 1,000,673
Other revenue	10,985
Total revenue collected	<u>1,011,658</u>

**Expenses paid and selected accruals**

Program services	
Broadcasting and programming	789,515
Supporting services	
Management and general	191,146
Fundraising	179,314
Total expenses paid and selected accruals	<u>1,159,975</u>

Excess of expenses paid and selected accruals over revenue collected \$ (148,317)

The accompanying notes are an integral part of these financial statements.

**PROCLAIMING JUSTICE TO THE NATIONS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS**  
**YEAR ENDED DECEMBER 31, 2018**

	<b>Broadcasting and Programming</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Advertising	\$ 68,888	\$ 3,208	\$ -	\$ 72,096
Conventions and meetings	9,250	-	-	9,250
Depreciation	-	2,923	-	2,923
Education and advocacy	189,222	12,725	11,331	213,278
Fees	-	6,483	6,041	12,524
Grants	42,665	-	-	42,665
Information technology	-	-	12,783	12,783
Insurance	-	28,115	-	28,115
Legal	-	2,919	-	2,919
Meals and entertainment	9,084	949	11,121	21,154
Occupancy	21,448	6,638	8,492	36,578
Office expense	2,197	26,084	1,877	30,158
Outside services	190,881	119	296	191,296
Other	3,515	1,451	10,742	15,708
Payroll taxes	12,384	3,835	4,906	21,125
Penalties	-	6,056	-	6,056
Postage and shipping	182	139	4,714	5,035
Printing and copying	5,638	5,284	940	11,862
Professional	-	22,223	-	22,223
Salaries and wages	162,154	50,186	64,201	276,541
Travel	63,699	9,238	38,580	111,517
Telephone	8,308	2,571	3,290	14,169
	<u>\$ 789,515</u>	<u>\$ 191,146</u>	<u>\$ 179,314</u>	<u>\$ 1,159,975</u>

The accompanying notes are an integral part of these financial statements.

**PROCLAIMING JUSTICE TO THE NATIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**Note 1 - Summary of Significant Accounting Policies**

*Nature of Activities*

Proclaiming Justice to the Nations, Inc. (the Organization) is a Tennessee not-for-profit corporation whose mission is to educate, advocate, and move to activate Christians and Jews and people of good conscience in building a global community of action and prayer in support of the Jewish people and the State of Israel. The Organization is supported primarily through donor contributions and grants.

*Basis of Accounting*

The Organization's policy is to prepare its financial statements on a modified cash basis that includes recording of depreciation and amortization on long-lived assets, payroll withholdings and accruals of payroll taxes, and credit cards payable. Under this basis, revenue is recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when the related liability is incurred. Consequently, accounts receivable, accounts payable, and accrued expenses, other than those mentioned above, are not included in the financial statements.

*Use of Estimates*

The preparation of financial statements on the modified cash basis of accounting 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 collected and expenses paid during the reporting period. Actual results could vary from the estimates that were used.

*Cash*

Cash consists of cash on hand and on deposit at financial institutions.

*Property, Equipment and Depreciation*

The Organization capitalizes expenditures for those items reasonably expected to last beyond the current year and above \$2,500. Contributed property and equipment is recorded at estimated fair value at the date of donation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the related assets. Routine repairs and maintenance are expensed when paid.

*Advertising*

All advertising costs are expensed when paid.

*Income Taxes*

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

*Program and Supporting Services*

The following program and supporting services are included in the accompanying financial statements:

*Program Services*

Includes the direct cost of operating the Organization and all of the related programs.

*Management and General*

Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting, and related purposes.

*Fundraising*

Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

**PROCLAIMING JUSTICE TO THE NATIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2018**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Functional Allocation of Expenses*

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of revenue collected and expenses - modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include occupancy, payroll taxes, salaries and wages, and telephone, which are allocated on the basis of estimates of time and effort.

*New Accounting Pronouncement*

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the requirement of reporting expenses by both their natural and functional classification, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

**Note 2 - Availability and Liquidity**

At December 31, 2018, the Organization's financial assets available to meet cash needs for general expenditures within one year consist of cash in the amount of \$40,761.

As part of its liquidity plan, the Organization has a policy to structure its financial assets in order to have the funds available to meet its general expenditures, liabilities, and other obligations as they come due.

**Note 3 - Concentrations**

At December 31, 2018, two donors account for approximately 32% of contribution revenue.

**Note 4 - Related Party Transactions**

The Organization rents office space from its founder. Total rent expense associated with this related party for the year ended December 31, 2018, was \$36,578.

**Note 5 - Subsequent Events**

The Organization's management has evaluated subsequent events through November 19, 2019, the date which the financial statements were available to be issued.