



Financial Statements
For the Years Ended May 31, 2022 and 2021

The Gideons International
Financial Statements
For the Years Ended May 31, 2022 and 2021

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Independent Auditor's Report

International Finance Committee
The Gideons International

Opinion

We have audited the financial statements of The Gideons International (the Organization), which comprise the statements of financial position as of May 31, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of May 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Gideons International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in note 18 to the financial statements, the 2021 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Organization'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 Organization'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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC

Brentwood, Tennessee

July 6, 2022

The Gideons International
Statements of Financial Position
May 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 122,022,140	\$ 87,858,115
Short-term operating investments	15,641,800	16,152,994
Other assets	15,147,771	12,596,730
Property and equipment, net	7,419,235	6,432,242
Assets held for long-term purposes	31,654,110	30,651,688
Total assets	\$ 191,885,056	\$ 153,691,769
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 8,312,499	\$ 7,002,447
Employee benefit obligations	2,140,905	2,107,701
Annuities and trusts payable	15,090,392	13,517,048
Total liabilities	25,543,796	22,627,196
Net assets		
Without donor restrictions	66,039,141	59,453,109
With donor restrictions	100,302,119	71,611,464
Total net assets	166,341,260	131,064,573
Total liabilities and net assets	\$ 191,885,056	\$ 153,691,769

The Gideons International
Statement of Activities
For the Year Ended May 31, 2022

	Without donor restrictions	With donor restrictions	Total
Operating Support and Revenues			
Contributions			
General support	\$ 19,505,482	\$ -	\$ 19,505,482
Endowment	-	1,500	1,500
Scriptures	54,351,684	28,987,361	83,339,045
Held at state and local level	7,097,264	-	7,097,264
International, net of \$15,284,711 and \$2,659,967 for use at the National Association and International Outreach levels, respectively	7,400,798	-	7,400,798
	88,355,228	28,988,861	117,344,089
Revenues			
Dues income, net of \$702,435 for use at the International Outreach level	5,606,866	-	5,606,866
Investment income (loss)	(1,619,481)	(100,270)	(1,719,751)
Merchandise sales, net of \$608,945 for purchases made at the state and local level	2,236,485	-	2,236,485
Other income	533,265	-	533,265
	6,757,135	(100,270)	6,656,865
Satisfaction of purpose restrictions	50,145	(50,145)	-
Total operating support and revenues	95,162,508	28,838,446	124,000,954
Operating Expenses			
Program services			
Scripture purchases and distributions	59,590,149	-	59,590,149
Membership support and development	13,183,203	-	13,183,203
State and local	7,666,433	-	7,666,433
	80,439,785	-	80,439,785
Supporting services			
Management and general	4,106,985	-	4,106,985
Fundraising	3,366,146	-	3,366,146
Total operating expenses	87,912,916	-	87,912,916
Change in net assets from operations	7,249,592	28,838,446	36,088,038
Nonoperating Activities			
Actuarial adjustment on annuity obligations and payments to donors	(575,494)	(147,791)	(723,285)
Nonqualified pension plan expense	(88,066)	-	(88,066)
Total nonoperating activities	(663,560)	(147,791)	(811,351)
Change in net assets	6,586,032	28,690,655	35,276,687
Net assets, beginning of year	59,453,109	71,611,464	131,064,573
Net assets, end of year	\$ 66,039,141	\$ 100,302,119	\$ 166,341,260

See notes to financial statements

The Gideons International
Statement of Activities
For the Year Ended May 31, 2021

	Without donor restrictions	With donor restrictions	Total
Operating Support and Revenues			
Contributions			
General support	\$ 15,649,248	\$ -	\$ 15,649,248
Endowment	-	6,109	6,109
Scriptures	23,640,520	44,992,442	68,632,962
Held at state and local level	5,237,289	-	5,237,289
International, net of \$15,682,065 and \$694,439 for use at the National Association and International Outreach levels, respectively	<u>7,847,952</u>	<u>-</u>	<u>7,847,952</u>
	52,375,009	44,998,551	97,373,560
Revenues			
Dues income, net of \$744,912 for use at the International Outreach level	4,251,711	-	4,251,711
Investment income (loss)	4,605,407	448,724	5,054,131
Merchandise sales, net of \$336,539 for purchases made at the state and local level	1,569,739	-	1,569,739
Other income	<u>1,273,571</u>	<u>-</u>	<u>1,273,571</u>
	11,700,428	448,724	12,149,152
Satisfaction of purpose restrictions	<u>93,291</u>	<u>(93,291)</u>	<u>-</u>
Total operating support and revenues	64,168,728	45,353,984	109,522,712
Operating Expenses			
Program services			
Scripture purchases and distributions	32,212,323	-	32,212,323
Membership support and development	10,157,322	-	10,157,322
State and local	<u>4,711,849</u>	<u>-</u>	<u>4,711,849</u>
	47,081,494	-	47,081,494
Supporting services			
Management and general	3,373,800	-	3,373,800
Fundraising	<u>3,579,912</u>	<u>-</u>	<u>3,579,912</u>
Total operating expenses	54,035,206	-	54,035,206
Change in net assets from operations	10,133,522	45,353,984	55,487,506
Nonoperating Activities			
Actuarial adjustment on annuity obligations and payments to donors	2,561,365	367,303	2,928,668
Nonqualified pension plan expense	<u>(91,880)</u>	<u>-</u>	<u>(91,880)</u>
Total nonoperating activities	2,469,485	367,303	2,836,788
Change in net assets	12,603,007	45,721,287	58,324,294
Net assets, beginning of year	<u>46,850,102</u>	<u>25,890,177</u>	<u>72,740,279</u>
Net assets, end of year	\$ 59,453,109	\$ 71,611,464	\$ 131,064,573

The Gideons International
Statement of Functional Expenses
For the Year Ended May 31, 2022

	Program services				Supporting services			
	Scripture purchases and distributions	Membership support and development	State and local	Total program services	Management and general	Fundraising	Total supporting service	Total expenses
Salaries and related benefits	\$ 4,262,649	\$ 4,977,090	\$ -	\$ 9,239,739	\$ 848,919	\$ 1,991,671	\$ 2,840,590	\$ 12,080,329
Scripture procurement and logistics	50,335,884	-	-	50,335,884	-	-	-	50,335,884
Contract and field services	2,701,099	1,526,714	-	4,227,813	755,602	618,508	1,374,110	5,601,923
Cost of goods sold	-	2,675,453	-	2,675,453	-	-	-	2,675,453
Depreciation	-	-	-	-	744,592	-	744,592	744,592
Grant expense	-	154,219	-	154,219	-	-	-	154,219
Office expense	169,622	828,043	383,322	1,380,987	522,513	9,685	532,198	1,913,185
Printing, postage, and video production	102,571	1,505,339	1,916,608	3,524,518	188,134	627,941	816,075	4,340,593
Professional and legal services	145	15,330	-	15,475	230,263	-	230,263	245,738
Repairs and maintenance	-	47,174	-	47,174	193,303	30,307	223,610	270,784
Training and education	193,223	6,192	383,322	582,737	8,988	7,378	16,366	599,103
Travel and meetings	1,694,560	1,165,709	4,983,181	7,843,450	273,417	75,139	348,556	8,192,006
Utilities and insurance	130,396	281,940	-	412,336	341,254	5,517	346,771	759,107
	\$ 59,590,149	\$ 13,183,203	\$ 7,666,433	\$ 80,439,785	\$ 4,106,985	\$ 3,366,146	\$ 7,473,131	\$ 87,912,916

See notes to financial statements

The Gideons International
Statement of Functional Expenses
For the Year Ended May 31, 2021

	Program services				Supporting services			
	Scripture purchases and distributions	Membership support and development	State and local	Total program services	Management and general	Fundraising	Total supporting service	Total expenses
Salaries and related benefits	\$ 4,443,485	\$ 5,116,862	\$ -	\$ 9,560,347	\$ 708,635	\$ 2,079,888	\$ 2,788,523	\$ 12,348,870
Scripture procurement and logistics	23,891,565	-	-	23,891,565	-	-	-	23,891,565
Contract and field services	2,527,063	1,125,277	-	3,652,340	526,456	716,687	1,243,143	4,895,483
Cost of goods sold	-	1,729,046	-	1,729,046	-	-	-	1,729,046
Depreciation	-	-	-	-	662,146	-	662,146	662,146
Grant expense	-	127,755	-	127,755	-	-	-	127,755
Office expense	130,489	699,318	235,592	1,065,399	443,979	11,038	455,017	1,520,416
Printing, postage, and video production	92,650	896,704	1,177,963	2,167,317	110,377	672,625	783,002	2,950,319
Professional and legal services	-	-	-	-	252,430	-	252,430	252,430
Repairs and maintenance	-	47,029	-	47,029	193,547	30,367	223,914	270,943
Training and education	119,588	8,366	235,592	363,546	56,245	5,951	62,196	425,742
Travel and meetings	917,931	164,715	3,062,702	4,145,348	123,612	57,481	181,093	4,326,441
Utilities and insurance	89,552	242,250	-	331,802	296,373	5,875	302,248	634,050
	\$ 32,212,323	\$ 10,157,322	\$ 4,711,849	\$ 47,081,494	\$ 3,373,800	\$ 3,579,912	\$ 6,953,712	\$ 54,035,206

See notes to financial statements

The Gideons International
Statements of Cash Flows
For the Years Ended May 31, 2022 and 2021

	2022	2021
Cash and cash equivalents, beginning of year	\$ 87,858,115	\$ 36,916,148
Cash flows from operating activities		
Change in net assets	35,276,687	58,324,294
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	744,592	662,146
(Gain) loss on disposal of property and equipment	(27,165)	25,529
Noncash contributions	(624,206)	(662,482)
Proceeds from sales of noncash contributions	437,106	462,482
Allowance for obsolete inventory	-	234,975
Gain on settlement of life insurance policies	(6,859)	(1,922,171)
Earnings on cash surrender value of life insurance	(67,666)	(9,338)
Contributions restricted for long-term investment	(1,500)	(6,109)
Realized and unrealized (gain) loss on investments	3,650,020	(8,127,512)
Actuarial change in charitable gift annuities and trusts	(1,735,307)	(519,696)
Maturities of charitable gift annuities and trusts	(778,000)	(1,145,043)
Payments on charitable gift annuities and trusts	1,262,856	1,197,171
Change in:		
Other assets	(2,332,864)	(4,316,640)
Accounts payable and accrued expenses	1,310,052	160,842
Employee benefit obligations	33,204	(158,460)
Net cash provided (used) by operating activities	37,140,950	44,199,988
Cash flows from investing activities		
Proceeds from sale of property and equipment	28,858	-
Purchases of property and equipment	(1,733,278)	(1,064,394)
Purchases of investments	(6,702,017)	(5,681,118)
Proceeds from life insurance policies	36,898	4,062,167
Proceeds from sales and maturities of investments	3,880,284	9,121,863
Collection of mortgage notes receivable	6,550	6,328
Net cash provided (used) by investing activities	(4,482,705)	6,444,846
Cash flows from financing activities		
Proceeds from new annuities and trusts	5,389,632	2,696,195
Payments on annuities and trusts	(1,262,856)	(1,197,171)
Gift portion of new split interest agreements	(2,622,496)	(1,208,000)
Contributions restricted for long-term investment	1,500	6,109
Net cash provided (used) by financing activities	1,505,780	297,133
Net change in cash and cash equivalents	34,164,025	50,941,967
Cash and cash equivalents, end of year	\$ 122,022,140	\$ 87,858,115
Supplemental disclosures of cash flow information		
Cash and cash equivalents is held at:		
Headquarters	\$ 112,113,641	\$ 78,377,256
State and local level	9,908,499	9,480,859
	\$ 122,022,140	\$ 87,858,115

See notes to financial statements

The Gideons International
Notes to Financial Statements
For the Years Ended May 31, 2022 and 2021

Note 1. Organization and Nature of Activities

The Gideons International (the Organization) is a not-for-profit corporation described in Section 501(c)(3) of the Internal Revenue Code (the Code) and recognized by the Internal Revenue Service (IRS) as a church as described in the Code and is classified as an entity that is not a private foundation. As such, it is exempt from federal and state income tax, and contributions by the public are deductible for income tax purposes.

The mission of the Organization is to win others for the Lord Jesus Christ through the association of Christian business and professional men for service, the personal testimony and personal work by individual Gideons, and the placing of the Bible or portions thereof in hotels, hospitals, schools, and institutions, and also through the distribution of same for personal use. The Organization is supported primarily through donor contributions, membership dues, and investment income.

The Organization accomplishes its mission by the following program activities:

Camps

The camp is the basic operating unit through which individual members can most effectively serve. A camp may be organized where there are at least six Gideons. When a man joins, he becomes a member of The Gideons International, not a state or national association nor a camp. The camp is the fundamental and most important organizational unit with the Gideon ministry. There are approximately 2,900 camps in the United States.

State Associations

In the United States, The Gideons International is made up of 12 zones. A trustee is responsible for each one of these zones, which consists of a number of states. Some states, as geo-political entities, are combined to form a single state association, and other states may be divided to form more than a single state association.

International Outreach Ministry

All countries, territories, or possessions not identified as a national association are overseen by the international outreach committee (IOC); thus, these are known as international outreach countries. The IOC is one of the five standing committees of the association that are appointed by the international president, subject to approval by the international cabinet; hence, the IOC is delegated with authority from the international cabinet and is responsible to the cabinet.

National Associations

National associations are defined on the basis of having met certain criteria on membership (minimum number of camps and members), the establishment of a national office with a paid staff, and an elected cabinet. A national association will operate its own ministry within the governance and management guidelines established by the international cabinet.

Note 2. Summary of Significant Accounting Policies

The Organization maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (US GAAP).

The Gideons International
Notes to Financial Statements
For the Years Ended May 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies

These financial statements include amounts received by and under the control of the Organization, including those provided by National Associations and International Outreach Countries. Worldwide contributions reported to the Organization but retained by National Associations and International Outreach Countries for scriptures and administration have been reported as international support in the accompanying statements of activities but deducted from revenues of the Organization.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value with gains and losses reported in the statements of activities. Donated investments are recorded at estimated fair value at the date of donation and thereafter carried in conformity with the stated policy.

Investments do not represent significant concentrations of market risk inasmuch as the investment portfolio is adequately diversified among many issuers.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Other Assets

Other assets consist of cash surrender value of life insurance policies, inventories, mortgage notes receivable, a non-majority interest in a limited liability company (LLC), as well as prepaid expenses and other miscellaneous receivables.

Inventories are stated at the lower-of-cost or net realizable value based on the first-in, first-out basis and consist of merchandise held for sale to members.

From time to time, the Organization receives contributions of mortgage notes receivable from donors. The Organization evaluates mortgage notes receivable to determine if a valuation allowance is necessary, which reflects management's historical knowledge about each note. Past due status is determined based on the contractual terms and note balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. All mortgage notes are collateralized by a first mortgage lien on certain real property.

The Gideons International
Notes to Financial Statements
For the Years Ended May 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies

During the year ended May 31, 2015, the Organization received a donation of approximately 10% ownership in a South Carolina LLC (the Company). The Company holds certain real property in the state of South Carolina and the investment in the LLC was recorded at the estimated fair value of the percentage of ownership of the Company at the date of the donation. The investment in the LLC that does not constitute a majority interest is reported using the cost method. Management has indicated that all Company owners have elected to liquidate certain real property.

The Organization prepays to manufacture scriptures. These costs are accounted for as prepaid program costs until the time the scriptures are placed in service.

Other miscellaneous receivables are reported net of any anticipated losses due to uncollectible accounts. No allowance for uncollectible accounts has been recorded as all balances are considered fully collectible as of May 31, 2022 and 2021.

Property and Equipment

Items capitalized as property and equipment are stated at cost or, if donated, at estimated fair market value on the date of donation. The Organization generally capitalizes and reports property and equipment acquisitions in excess of \$5,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the useful 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 3 to 40 years.

Annuities Payable

The Organization enters into agreements whereby a donor transfers funds to the Organization and in return the donor is guaranteed a stipulated periodic payment throughout his or her lifetime. Unrestricted contribution revenues are recognized in the period in which the contract is executed to the extent that the fair market value of the assets received exceeds the present value of the future expected payments to the donor. Certain of the annuity agreements are insured through the purchase of commercial annuity contracts in which the insurance company agrees to pay the donor the amount guaranteed by the Organization.

The investment in these insured annuity contracts is reflected in the accompanying financial statements at the present value of expected future payments to the insured annuitants.

Annuity obligations are recorded at the present value of the future expected payments to donors based upon applicable federal discount rates and life expectancies of annuitants. Actuarial changes and annuity payments are reported as actuarial adjustment on annuity obligations and payments to donors in the accompanying statements of activities.

The Gideons International
Notes to Financial Statements
For the Years Ended May 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies

Trust Assets, Obligation, and Net Assets

The Organization enters into trust agreements with donors whereby the donor irrevocably transfers assets at the estimated fair market value to a trust naming the Organization as residual beneficiary. Temporarily restricted contribution revenues are recognized in the period in which the trust is established to the extent that the estimated fair market value of the assets received exceeds the present value of the future expected payments to the donor or beneficiary. The Organization will pay to the donor or the beneficiary during the donor's (beneficiary's) life a unitrust amount equal to a stipulated percentage of the net fair market value of the trust assets, valued as of the first day of each calendar year. Any income of the trust for a calendar year in excess of the unitrust amount is added to the trust principal. Upon the death of the donor (beneficiary), the remaining principal is released to net assets without donor restrictions.

Classes of Net Assets

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

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

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

Support and Revenues and Expenses

Merchandise sales are recognized when goods are sold to members. For the years ended May 31, 2022 and 2021, merchandise sales revenues are recorded gross of cost of merchandise sales expense of \$2,675,453 and \$1,729,046, respectively, which is included with program services expenses in the accompanying statements of activities.

The Organization reports contributions of cash and other assets as net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. If a restriction is fulfilled in the same period in which the contribution was received, the Organization reports the support as net assets without donor restrictions. 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 statements of activities as net assets released from restrictions.

The Organization reports donations of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Gideons International
Notes to Financial Statements
For the Years Ended May 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies

Support and Revenues and Expenses

Noncash contributions consist of securities recognized at estimated fair value on the date of the gift.

Shipping and handling costs are included in the cost of merchandise sold and scripture purchases.

Expenses are reported when costs are incurred, in accordance with the accrual basis of accounting.

The Organization operates State Associations and Camps in the United States as well as International Outreach Countries that are not recognized as National Associations under its corporate structure in accordance with the Guidebook. Amounts received from State Associations and Camps and International Outreach Countries and paid to the Organization are reported when received or paid, respectively.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of May 31, 2022, the Organization has analyzed its tax positions and believes that all are more likely than not to be sustained upon examination.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of allocation
Salaries and related benefits	Time and effort
Contract and field services	Full-time equivalent
Office expense	Time and effort
Printing, postage, and video production	Time and effort
Professional and legal services	Time and effort
Repairs and maintenance	Square footage
Training and education	Time and effort
Travel and meetings	Time and effort
Utilities and insurance	Square footage

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program, supporting services, and investment related activity. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or non-recurring in nature.

The Gideons International
Notes to Financial Statements
For the Years Ended May 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies

Reclassifications

Certain reclassifications to the 2021 financial statements have been made to conform with the 2022 presentation.

Note 3. Availability and Liquidity

The following represents the Organization's financial assets as of May 31:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 122,022,140	\$ 87,858,115
Investments	<u>47,295,910</u>	<u>46,804,682</u>
Total financial assets at year-end	169,318,050	134,662,797
Less amounts not available to be used within one year		
Contractual or donor-imposed restrictions		
Restrictions by donors with time and purpose restrictions	<u>(100,302,119)</u>	<u>(71,611,464)</u>
Financial assets available to meet cash needs for general expenditures within one year before board designations	69,015,931	63,051,333
Less board designations		
Administrative	(15,303,197)	(15,965,549)
Annuity reserve	(1,661,460)	(1,215,074)
General endowment	(3,551,635)	(3,373,388)
Special scripture endowment	<u>(727,611)</u>	<u>(923,823)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 47,772,028	\$ 41,573,499

As part of the Organization's liquidity plan, in addition to year-round donations from members, churches, and donors, the Organization makes appeals to donors at strategic times of the year and in conjunction with international, national, and state conventions. Cash flow is managed through daily monitoring and monthly cash flow meetings reviewing rolling quarterly projections of cash inflows and outflows. Trends and actual results versus budget are reviewed on a monthly basis. Surplus cash other than the working capital, are invested in the money market account and certificates of deposit to generate additional interest income.

Note 4. Short-term Operating Investments

Short-term operating investments at fair value consist of the following at May 31:

	2022	2021
Mutual funds	\$ 10,010,279	\$ 10,933,325
US government obligations	2,320,070	2,111,445
Corporate bonds	2,462,845	2,715,313
Municipal bonds	<u>848,606</u>	<u>392,911</u>
	\$ 15,641,800	\$ 16,152,994

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Note 4. Short-term Operating Investments

Short-term operating investments are held for the following as of May 31:

	2022	2021
Undesignated	\$ 338,603	\$ 187,445
Board designated administrative	13,511,111	13,964,138
Board designated nonqualified pension plan	<u>1,792,086</u>	<u>2,001,411</u>
	\$ 15,641,800	\$ 16,152,994

Investment income on short-term operating investments consists of the following as of May 31:

	2022	2021
Interest and dividends	\$ 404,509	\$ 292,907
Net realized gain	693,643	1,524,141
Net unrealized (loss) gain	(2,055,294)	1,159,105
Investment expenses	<u>(141,553)</u>	<u>(134,086)</u>
	\$ (1,908,695)	\$ 2,842,491

Note 14 provides additional information about short-term operating investments.

Note 5. Other Assets

Other assets consist of the following as of May 31:

	2022	2021
Cash surrender value of life insurance	\$ 589,031	\$ 551,404
Inventories, net	1,047,727	1,041,800
Mortgage notes receivable, net	109,301	115,851
Real estate held for sale and other non-cash assets	746,000	558,900
Prepaid expenses	12,236,831	10,225,297
Other	<u>418,881</u>	<u>103,478</u>
	\$ 15,147,771	\$ 12,596,730

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Note 6. Property and Equipment

Property and equipment consists of the following as of May 31:

	2022	2021
Land	\$ 884,443	\$ 884,443
Building	6,250,751	6,689,551
Furniture and equipment	9,397,704	11,908,597
Less: accumulated depreciation	<u>(10,662,307)</u>	<u>(13,510,423)</u>
	5,870,591	5,972,168
Construction in progress	<u>1,548,644</u>	<u>460,074</u>
Property and equipment, net	\$ 7,419,235	\$ 6,432,242

Note 7. Assets Held for Long-term Purposes

Assets held for long-term purposes consist of the following as of May 31:

	2022	2021
Cash and cash equivalents	\$ 623,855	\$ 212,907
Mutual funds	21,362,264	19,885,802
Equities	2,004,156	3,102,463
US government obligations	1,629,836	1,336,560
Corporate bonds	1,934,412	1,748,885
Annuity contracts	<u>4,099,587</u>	<u>4,365,071</u>
	\$ 31,654,110	\$ 30,651,688

Investment income on assets held for long-term purposes for the year ended May 31, 2022, consists of:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	\$ 56,376	\$ 61,340	\$ 117,716
Net realized gain	394,366	25,739	420,105
Net unrealized loss	(944,727)	(185,677)	(1,130,404)
Investment expenses	<u>(26,801)</u>	<u>(1,672)</u>	<u>(28,473)</u>
	\$ (520,786)	\$ (100,270)	\$ (621,056)

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Note 7. Assets Held for Long-term Purposes

Investment income on assets held for long-term purposes for the year ended May 31, 2021, consists of:

	Without donor restrictions	With donor restrictions	Total
Interest and dividends	\$ 150,193	\$ 23,913	\$ 174,106
Net realized gain	196,719	235,596	432,315
Net unrealized gain	1,444,722	197,181	1,641,903
Investment expenses	<u>(28,718)</u>	<u>(7,966)</u>	<u>(36,684)</u>
	\$ 1,762,916	\$ 448,724	\$ 2,211,640

The assets are held as follows as of May 31:

	2022	2021
Annuity investments	\$ 18,741,491	\$ 16,285,388
Trust assets	4,566,090	5,106,979
Endowment investments	7,414,731	8,241,298
Sarah F. Szekely Fund Term Endowment	548,699	631,707
Other restricted assets	<u>383,099</u>	<u>386,316</u>
	\$ 31,654,110	\$ 30,651,688

Note 14 provides additional information about assets held for long-term purposes.

Note 8. Annuities Payable

Annuities payable consist of the following as of May 31:

	2022	2021
Computed present value:		
Gift annuity fund	\$ 8,307,299	\$ 6,075,372
Reinsured gift annuity contracts	<u>4,099,587</u>	<u>4,365,071</u>
	\$ 12,406,886	\$ 10,440,443

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Note 9. Trust Assets, Liabilities, and Net Assets

Trust assets, liabilities, and net assets are held under split interest agreements in the form of charitable remainder trusts. Balances are as follows for the years ended May 31:

	2022	2021
Trust assets (at fair value)		
Investments	\$ 4,566,090	\$ 5,106,979
Trust liabilities and net assets		
Present value of expected payments to beneficiaries	\$ (2,683,506)	\$ 3,076,605
Trust net assets	<u>1,882,584</u>	<u>2,030,374</u>
	\$ 4,566,090	\$ 5,106,979

An actuarial adjustment is recognized in the statements of activities for changes in the value of annuities and trusts and is included in actuarial adjustment on annuity obligations and payments to donors.

For the year ended May 31, 2022, these changes include:

	Without donor restrictions	With donor restrictions	Total
Investment income, interest and dividends	\$ 263,321	\$ 128,788	\$ 392,109
Realized and unrealized losses	(1,121,870)	(398,790)	(1,520,660)
Actuarial adjustments	1,342,208	393,099	1,735,307
Advisory fees and other expenses	(45,732)	(21,453)	(67,185)
Payments to income beneficiaries	<u>(1,013,421)</u>	<u>(249,435)</u>	<u>(1,262,856)</u>
	\$ (575,494)	\$ (147,791)	\$ (723,285)

For the year ended May 31, 2021, these changes include:

	Without donor restrictions	With donor restrictions	Total
Investment income, interest and dividends	\$ 229,786	\$ 124,936	\$ 354,722
Realized and unrealized gains	2,299,962	1,030,544	3,330,506
Actuarial adjustments	977,275	(457,579)	519,696
Advisory fees and other expenses	(50,395)	(28,690)	(79,085)
Payments to income beneficiaries	<u>(895,263)</u>	<u>(301,908)</u>	<u>(1,197,171)</u>
	\$ 2,561,365	\$ 367,303	\$ 2,928,668

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Note 10. Net Assets

Net assets consist of the following as of May 31:

	2022	2021
Net assets without donor restrictions		
Undesignated		
Headquarters and International	\$ 27,543,911	\$ 18,893,036
State and local level	<u>9,908,499</u>	<u>9,480,859</u>
	37,452,410	28,373,895
Unfunded employee benefit obligations	(320,640)	(334,546)
Life income (annuities)	<u>244,233</u>	<u>3,503,684</u>
	37,376,003	31,543,033
Board designated		
Administrative	15,303,197	15,965,549
Annuity reserve	1,661,460	1,215,074
General endowment	3,551,635	3,373,388
Special scripture endowment	<u>727,611</u>	<u>923,823</u>
	21,243,903	21,477,834
Net investment in property and equipment	<u>7,419,235</u>	<u>6,432,242</u>
	\$ 66,039,141	\$ 59,453,109
Net assets with donor restrictions		
Charitable remainder trusts	\$ 1,882,584	\$ 2,030,374
Sarah F. Szekely Fund Term Endowment	548,699	631,707
Scripture placement*	94,550,999	65,563,638
Other temporarily restricted assets	383,099	386,316
General endowment	677,142	693,930
Special scripture endowment	<u>2,259,596</u>	<u>2,305,499</u>
	\$ 100,302,119	\$ 71,611,464

*Amount represents the remaining balance of funds contributed by donors for the specific placement of Scriptures.

Note 11. Employee Benefit Obligations

Defined Contribution Plan

The Organization maintains a defined contribution retirement plan covering substantially all of its employees. The Organization makes annual contributions to the plan as determined by management. The plan assets are held in a trust fund by a corporate trustee and are not included in these financial statements.

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Note 11. Employee Benefit Obligations

Defined Contribution Plan

Effective January 1, 2016, the Organization adopted The Gideons International 401(k) Retirement Plan (the Plan), which is an amendment to the prior defined contribution retirement plan, and covers substantially all eligible employees, as defined by the Plan. The amended Plan allows voluntary employee contributions, subject to IRS limits. The amended Plan includes employer matching contributions equal to the participant contributions but not to exceed 4.0% of compensation, as defined by the Plan. The Plan also includes a discretionary employer contribution, as determined by management each year. Participants are fully vested after five years of employment.

The Organization's contributions to the Plan amounted to approximately \$676,000 and \$704,000 for the years ended May 31, 2022 and 2021, respectively.

Nonqualified Pension Plan

The Organization maintains a nonqualified pension plan (designated fund) established prior to the adoption of the defined contribution plan, as amended. The nonqualified plan will remain in existence, although there is no intention to make additional contributions, until all funds have been distributed to participants. During 2001, the Organization entered into agreements with each of the nonqualified pension plan participants whereby the annual income earned by the participant is not subject to financial equity market risk. The Organization agreed to annually add to each participant's account an amount equal to the greater of 5.0% or 1.0% plus the United States 10-year Treasury Note Yield (applicable percentage) as published on May 31 of the preceding year. The Organization has assumed the risk of financial loss if it is unable to earn an amount in excess of the applicable percentage.

At May 31, 2022 and 2021, the applicable percentage was 5.0%. Accordingly, the Organization has reflected the liability to the nonqualified pension plan participants of \$1,787,586 and \$1,764,999 with employee benefit obligations in the accompanying statements of financial position as of May 31, 2022 and 2021, respectively.

Postretirement Benefits

The Organization provides post retirement life insurance benefits to employees hired prior to January 1, 1991. Upon retirement, the Organization provides life insurance coverage to these employees in an amount equal to one half of their salary at the time of retirement. The Organization also provides coverage of \$10,000 for the employee's spouse until the death of the employee. The Organization accounts for the postretirement benefits in accordance with the provisions of the *Compensation Retirement Benefits* topic of the FASB Accounting Standards Codification (ASC). The following sets forth the plan's funded status and amounts recognized in the statements of financial position as of May 31:

	2022	2021
Net periodic benefit cost	\$ 13,697	\$ 28,083
Employer contributions	\$ 32,333	\$ 30,064
Benefit payments	\$ 32,333	\$ 30,064

The benefit obligation of the plan was \$320,640 and \$334,546 as of May 31, 2022 and 2021, respectively. Management of the Organization believes the unfunded benefit obligation will be funded by life insurance proceeds on the lives of those employees who are entitled to the postretirement benefits.

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Note 11. Employee Benefit Obligations

Postretirement Benefits

Components of net periodic benefit cost are as follows as of May 31:

	2022	2021
Service cost	\$ 757	\$ 2,719
Interest cost	7,979	9,689
Amortization of unrecognized net loss	<u>4,961</u>	<u>15,675</u>
	\$ 13,697	\$ 28,083

Assumptions used in determining the preceding information are as follows as of May 31:

	2022	2021
Discount rate	4.00%	2.50%
Annual pay increases for active employees	3.00%	2.50%
Retirement age	65 or current age if later	
Mortality	2014 Group Annuity Mortality Table	

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid:

Year ended June 30,	
2023	\$ 30,959
2024	32,730
2025	31,208
2026	29,647
2027	28,056
Thereafter	<u>116,182</u>
Total	\$ 268,782

Note 12. Commitments

As of May 31, 2022 and 2021, the Organization has entered into commitments for the purchase of 44,308,773 and 43,954,828 scriptures, amounting to \$46,017,382 and \$43,751,541, respectively. All commitments are expected to be satisfied within the next year.

Note 13. Related Party Transactions

The Organization received \$26,047,911 and \$24,969,368 of scripture and administrative fund remittances from worldwide National Associations and IOCs, of which \$15,284,711 and \$15,682,065 was used in country by certain National Associations, \$3,362,402 and \$1,439,351 was used internationally by certain International Outreach Countries, and \$7,400,798 and \$7,847,952 in worldwide contributions has been remitted to the Organization and is included in Contributions International in the accompanying statements of activities for the years ended May 31, 2022 and 2021, respectively.

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Note 14. Fair Value Measurements

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of 3 broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2022:

	Level 1	Level 2	Level 3	Total
Short-term operating investments				
Board designated Mutual funds				
Income	\$ 2,759,976	\$ -	\$ -	\$ 2,759,976
Growth	663,945	-	-	663,945
Value	1,007,344	-	-	1,007,344
Balanced	4,597,388	-	-	4,597,388
International	656,808	-	-	656,808
Index	<u>324,818</u>	<u>-</u>	<u>-</u>	<u>324,818</u>
	10,010,279	-	-	10,010,279
US governmental obligations	1,838,955	481,115	-	2,320,070
Corporate bonds	-	2,462,845	-	2,462,845
Municipal bonds	<u>-</u>	<u>848,606</u>	<u>-</u>	<u>848,606</u>
	\$ 11,849,234	\$ 3,792,566	-	\$ 15,641,800
Other assets				
Cash surrender value of life insurance	\$ -	\$ -	\$ 589,031	\$ 589,031

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Note 14. Fair Value Measurements

	Level 1	Level 2	Level 3	Total
Assets held for long-term purposes				
Cash and cash equivalents	\$ 623,855	\$ -	\$ -	\$ 623,855
Mutual funds				
Income	5,116,032	-	-	5,116,032
Growth	3,939,193	-	-	3,939,193
Value	4,917,287	-	-	4,917,287
Balanced	4,452,341	-	-	4,452,341
International	2,887,645	-	-	2,887,645
Index	<u>49,766</u>	<u>-</u>	<u>-</u>	<u>49,766</u>
	21,362,264	-	-	21,362,264
Equities	2,004,156	-	-	2,004,156
US government obligations	485,254	1,144,582	-	1,629,836
Corporate bonds	-	1,934,412	-	1,934,412
Annuity contracts	<u>-</u>	<u>-</u>	<u>4,099,587</u>	<u>4,099,587</u>
	\$ 24,475,529	\$ 3,078,994	\$ 4,099,587	\$ 31,654,110

The Gideons International
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Note 14. Fair Value Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at May 31, 2021:

	Level 1	Level 2	Level 3	Total
Short-term operating investments				
Board designated Mutual funds				
Income	\$ 1,928,467	\$ -	\$ -	\$ 1,928,467
Growth	2,718,556	-	-	2,718,556
Value	957,396	-	-	957,396
Balanced	4,187,784	-	-	4,187,784
International	751,215	-	-	751,215
Index	<u>389,907</u>	<u>-</u>	<u>-</u>	<u>389,907</u>
	10,933,325	-	-	10,933,325
US governmental obligations	1,417,243	694,202	-	2,111,445
Corporate bonds	-	2,715,313	-	2,715,313
Municipal bonds	<u>-</u>	<u>392,911</u>	<u>-</u>	<u>392,911</u>
	\$ 12,350,568	\$ 3,802,426	-	\$ 16,152,994
Other assets				
Cash surrender value of life insurance	\$ -	\$ -	\$ 551,404	\$ 551,404

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For the Years Ended May 31, 2022 and 2021

Note 14. Fair Value Measurements

	Level 1	Level 2	Level 3	Total
Assets held for long-term purposes				
Cash and cash equivalents	\$ 212,907	\$ -	\$ -	\$ 212,907
Mutual funds				
Income	4,934,111	-	-	4,934,111
Growth	3,690,603	-	-	3,690,603
Value	3,660,771	-	-	3,660,771
Balanced	4,179,604	-	-	4,179,604
International	3,376,345	-	-	3,376,345
Index	<u>44,368</u>	<u>-</u>	<u>-</u>	<u>44,368</u>
	19,885,802	-	-	19,885,802
Equities	3,102,463	-	-	3,102,463
US government obligations	542,287	794,273	-	1,336,560
Corporate bonds	-	1,748,885	-	1,748,885
Annuity contracts	<u>-</u>	<u>-</u>	<u>4,365,071</u>	<u>4,365,071</u>
	\$ 23,743,459	\$ 2,543,158	\$ 4,365,071	\$ 30,651,688

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Level 1 Fair Value Measurements

Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The fair values of equities, US government obligations, and mutual funds are based on current pricing in the applicable market.

Level 2 Fair Value Measurements

Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full-term of the asset or liability. The fair values of corporate and municipal bonds are based on yields currently available on comparable securities of issuers with similar credit ratings.

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Note 14. Fair Value Measurements

Level 3 Fair Value Measurements

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The fair value of the reinsured annuity contracts is determined by calculating the present value of the future distributions expected to be paid, using published life expectancy tables and certain discount rates. The fair value of real estate held for investment is based on sales of comparable property, adjusted for differences in physical characteristics (location, size, condition, amenities, etc.), and local economic conditions. Cash surrender value of life insurance is valued by the insurer. The following table provides further detail of the Level 3 fair value measurements as of May 31, 2022 and 2021:

Balance May 31, 2020	\$ 4,557,202
Change in present value of annuity contracts	<u>(192,131)</u>
Balance May 31, 2021	4,365,071
Change in present value of annuity contracts	<u>(265,484)</u>
Balance May 31, 2022	\$ 4,099,587

Changes in valuation techniques – None

There were no significant changes in other level 3 assets during the years ended May 31, 2022 and 2021.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the period. For the years ended May 31, 2022 and 2021, there were no transfers in or out of Levels 1, 2, or 3.

Note 15. Endowment Funds

The Organization's endowments consist of the following:

- (a) General Endowment Fund – A portion of life membership dues and all permanently restricted contributions received constitute the General Endowment Fund. Such funds are invested in marketable securities. Income from the investments is used for administrative expenses and is recorded directly in the Administrative fund.
- (b) Special Scripture Endowment Fund – Contributions received for the Special Scripture Endowment Fund are invested in marketable securities. Income from the investments is used for the purchase of Scriptures and is recorded as investment income in the Scripture Fund, except in instances where the donor has required a portion of the income be added to principal.

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Note 15. Endowment Funds

(c) The Sarah Fulmer Szekely Term Endowment Fund – Contributions received for The Sarah Fulmer Szekely Term Endowment Fund are invested in fixed income and equities. Income from the investments is to be added to principal until 2043, at which time all principal may be used for the Organization's operations. The fund will distribute a total of 7.0% on an annual basis. The distributions are made at the beginning of each calendar year and the distribution amount is calculated as the average of the prior three calendar year-end market values times the distribution percentage.

The endowment consists of board designated and donor restricted endowment funds. As required by US GAAP, net assets associated with endowment funds, including those designated by the cabinet to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

Endowment net asset composition by type of fund as of May 31, 2022:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 4,279,246	\$ -	\$ 4,279,246
Donor restricted endowment funds	-	3,485,439	3,485,439
	\$ 4,279,246	\$ 3,485,439	\$ 7,764,685

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Note 15. Endowment Funds

Changes in endowment net assets for the year ended May 31, 2022:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, May 31, 2021	\$ 4,297,211	\$ 3,631,136	\$ 7,928,347
Investment return			
Interest and dividends	56,376	61,340	117,716
Net realized gain	394,366	22,525	416,891
Net unrealized loss	(944,727)	(185,677)	(1,130,404)
Investment expenses	<u>(26,801)</u>	<u>(1,672)</u>	<u>(28,473)</u>
Total investment loss	(520,786)	(103,484)	(624,270)
Additional board designations	214,998	-	214,998
Deferred revenue – lifetime memberships	(117,285)	-	(117,285)
Contributions	453,463	1,500	454,963
Amounts appropriated for expenditures	<u>(48,535)</u>	<u>(43,713)</u>	<u>(92,068)</u>
Endowment net assets, May 31, 2022	\$ 4,279,246	\$ 3,485,439	\$ 7,764,685

Endowment net asset composition by type of fund as of May 31, 2021:

	Without donor restrictions	With donor restrictions	Total
Board designated endowment funds	\$ 4,297,211	\$ -	\$ 4,297,211
Donor restricted endowment funds	<u>-</u>	<u>3,631,136</u>	<u>3,631,136</u>
	\$ 4,297,211	\$ 3,631,136	\$ 7,928,347

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Notes to Financial Statements
For the Years Ended May 31, 2022 and 2021

Note 15. Endowment Funds

Changes in endowment net assets for the year ended May 31, 2021:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, May 31, 2020	\$ 3,558,758	\$ 3,371,401	\$ 6,930,159
Investment return:			
Interest and dividends	150,193	23,913	174,106
Net realized gain	196,719	92,712	289,431
Net unrealized loss	1,444,722	197,181	1,641,903
Investment expenses	<u>(28,718)</u>	<u>(7,966)</u>	<u>(36,684)</u>
Total investment return	1,762,916	305,840	2,068,756
Additional board designations	126,645	-	126,645
Deferred revenue – lifetime memberships	(694,106)	-	(694,106)
Contributions	-	6,109	6,109
Amounts appropriated for expenditures	<u>(457,002)</u>	<u>(52,214)</u>	<u>(509,216)</u>
Endowment net assets, May 31, 2021	\$ 4,297,211	\$ 3,631,136	\$ 7,928,347

At May 31, 2022 and 2021, net assets with donor restrictions consist of the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor-stipulation or by UPMIFA.

The Organization has established investment policies for endowments which set certain expectations for target asset allocations, expected rates of return, and risk tolerances sufficient to achieve long-term investment objectives. Investment performance is reviewed at least annually with comparisons made to market indices.

Note 16. Concentrations

The Organization maintains cash and cash equivalents in financial institutions which may, at times, exceed federally insured limits. Approximately \$21,000,000 and \$73,000,000 of cash was held in excess of the federally insured limit at May 31, 2022 and 2021, respectively. The Organization has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

As of May 31, 2022 and 2021, one vendor was owed 81% and 74% of accounts payable, respectively.

The Organization holds various investments that consist of cash and securities at times can exceed the Securities Investor Protection Corporation insured limits. The Organization has not experienced any losses on such accounts, and management believes it is not exposed to any significant credit risk on cash and securities.

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Note 17. Contingencies

Occasionally, the Organization becomes involved in various legal proceedings arising in the normal course of operations. In the opinion of management, and from consultations with legal counsel, for claims exerted, the Organization will defend itself vigorously and no estimate of loss is included in the financial statements as of May 31, 2022.

Note 18. Restatement of Net Assets

The Organization has restated its previously issued 2021 financial statements to correct an error related to the following previously reported items: cash and cash equivalents, scripture procurement and logistics, dues income, international contributions, and net assets. The total decrease to net assets as of June 1, 2020 was \$1,780,603.

The following is a summary of the restatement for 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets as of June 1, 2020	\$ 48,630,705	\$ 25,890,177	\$ 74,520,882
Restatement of net assets	<u>(1,780,603)</u>	<u>-</u>	<u>(1,780,603)</u>
Net assets as of June 1, 2020 - restated	\$ 46,850,102	\$ 25,890,177	\$ 72,740,279

The effects of the Organization's previously issued 2021 financial statements is summarized as follows:

Statement of Financial Position as of May 31, 2021:

	Previously Reported	Increase (Decrease)	Restated
Cash and cash equivalents	\$ 90,108,055	\$ (2,249,940)	\$ 87,858,115

Statement Activities for the year ended May 31, 2021:

	Previously Reported	Increase (Decrease)	Restated
International contributions	\$ 8,542,391	\$ (694,439)	\$ 7,847,952
Dues income	\$ 4,996,623	\$ (744,912)	\$ 4,251,711
Scripture purchases and distributions	\$ 33,182,337	\$ (970,014)	\$ 32,212,323

Note 19. Subsequent Events

Management has evaluated subsequent events through July 6, 2022, the date on which the financial statements were available to be issued.