

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

FINANCIAL STATEMENTS

September 30, 2015 and 2014



**keys
for
kids®**

MINISTRIES

God's Story opening hearts.



Enhancing Trust

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**Board of Directors
Children's Bible Hour
DBA Keys for Kids Ministries
Grand Rapids, Michigan**

I have reviewed the accompanying financial statements of Children's Bible Hour (DBA Keys For Kids Ministries), which consist of the statements of financial position as of September 30, 2015 and 2014, the related statements of activities and cash flows for the years then ended and the related notes to the financial statements. A review includes applying primarily analytical procedures to management's financial data and making inquiries of 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, I 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.

ACCOUNTANT'S RESPONSIBILITY

My responsibility is to conduct the review engagements 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

ACCOUNTANT'S CONCLUSION

Based on my reviews, I am 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.

SUPPLEMENTARY DATA

My reviews were made for the purpose of expressing a conclusion that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary data provided on page 9 is presented only for additional analysis purposes and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and I am not aware of any material modifications that should be made thereto.


Wyoming, Michigan
May 9, 2016

JAMES H. QUIST CPA PLC

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

Statements of Financial Position

	September 30,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 161,851	\$ 167,065
Accounts receivable	5,352	2,823
Prepaid expenses	260	179
Inventory	85,506	90,875
Certificate of deposit	73,009	72,972
	325,978	333,914
Property and equipment		
Land	50,000	50,000
Buildings	445,363	440,375
Equipment	168,378	153,738
Accumulated depreciation	(144,661)	(121,084)
	519,080	523,029
Total Assets	\$ 845,058	\$ 856,943
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 55,437	\$ 35,765
Accrued payroll and payroll taxes	9,135	27,803
	64,572	63,568
Total Liabilities	64,572	63,568
Net Assets		
Unrestricted		
Undesignated	210,604	217,169
Net investment in property and equipment	519,080	523,029
	729,684	740,198
Designated - iToadu Project	-	15,000
	729,684	755,198
Temporarily Restricted	50,802	38,177
	780,486	793,375
Total Net Assets	780,486	793,375
Total Liabilities and Net Assets	\$ 845,058	\$ 856,943

See accompanying notes and independent accountant's review report

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

Statements of Activities

	For the Years Ended September 30,				
	2015		2014		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
SUPPORT AND REVENUE					
Sales	\$ 106,313	-	\$ 106,313	\$ -	\$ 106,226
Cost of goods sold	(40,055)	-	(40,055)	-	(66,242)
Gross profit	66,258	-	66,258	-	39,984
Contributions	828,514	15,260	843,774	8,160	720,005
Royalties	55,067	-	55,067	-	46,332
Interest income	226	-	226	-	567
Loss on disposal of property & equipment	-	-	-	-	(251,216)
Total Support and Revenue	950,065	15,260	965,325	8,160	555,672
RECLASSIFICATIONS					
Net assets released for satisfaction of purpose restrictions	2,635	(2,635)	-	(2,750)	-
EXPENSES					
Program services	662,417	-	662,417	-	733,183
Management and general	200,188	-	200,188	-	258,762
Fund-raising	115,609	-	115,609	-	92,410
Total Expenses	978,214	-	978,214	-	1,084,355
Change in Net Assets	(25,514)	12,625	(12,889)	5,410	(528,683)
Net Assets, Beginning of Year	755,198	38,177	793,375	1,289,291	1,322,058
Net Assets, End of Year	\$ 729,684	\$ 50,802	\$ 780,486	\$ 755,198	\$ 793,375

See accompanying notes and independent accountant's review report

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

Statements of Cash Flows

	For the Years Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (12,889)	\$ (528,683)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	23,577	41,270
Loss on disposal of property and equipment	-	251,216
Change in:		
Accounts receivable	(2,529)	4,257
Prepaid expenses	(81)	25,364
Inventory	5,369	11,655
Accounts payable	19,672	15,665
Accrued payroll and payroll taxes	(18,668)	12,828
Net Cash Provided (Used) by Operating Activities	14,451	(166,428)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(37)	(27)
Proceeds from disposal of property and equipment	-	626,420
Purchase of property and equipment	(19,628)	(494,326)
Net Cash (Used) Provided by Investing Activities	(19,665)	132,067
Change in Cash and Cash Equivalents	(5,214)	(34,361)
Cash and Cash Equivalents, Beginning of Period	167,065	201,426
Cash and Cash Equivalents, End of Period	\$ 161,851	\$ 167,065

See accompanying notes and independent accountant's review report

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

Notes to Financial Statements

September 30, 2015 and 2014

1. NATURE OF ORGANIZATION

Children's Bible Hour, doing business as Keys for Kids Ministries (KFK) (doing business formerly as CBH Ministries), is an international Christian ministry based on the gospel of Jesus Christ, producing and distributing excellent media resources to evangelize and disciple children and their families.

From its early beginnings in 1942, KFK has produced radio programs and print devotionals to reach children ages 6-12. With the addition of internet based Bible studies over the past few years KFK's world-wide outreach has grown significantly.

KFK is a nonprofit organization supported primarily by contributions and sales. Incorporated in Michigan and exempt from federal income taxes under section 501(c)(3) of the United States Internal Revenue Code (code) and comparable state law, KFK has been classified as a publicly supported organization that is not a private foundation under section 509(a) of the code. Contributions to KFK are tax deductible within the limits prescribed by the code.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of KFK are prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies that have been adopted by KFK are described below.

CASH, CASH EQUIVALENTS AND CONCENTRATION OF CREDIT RISK

Cash and cash equivalents includes checking, money market and other highly liquid investment accounts which are not included in the holdings of the managed portfolio for investments held for long-term purposes. While balances in these accounts may at times exceed federally insured limits, KFK has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on these accounts.

ACCOUNTS RECEIVABLE

Accounts receivable are reported net of any anticipated losses due to uncollectible accounts. However, because management believes all receivable balances will be collected, no provision for uncollectible accounts has been recorded.

KFK considers an account to be past due when items billed on the account have not been paid by the due date. Past due accounts are subject to internal collection efforts. No late fee is assessed on past due accounts. There were no past due accounts at September 30, 2015 or 2014.

Accounts receivable at September 30, 2015 consist of amounts due from customers and vendor credits. Accounts receivable at December 31, 2014 consist of vendor credits.

INVENTORY

Inventory consists of books, pamphlets and recorded media, and is valued at the lower of cost or market using the first-in, first-out method of inventory valuation.

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

Notes to Financial Statements

September 30, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

CERTIFICATE OF DEPOSIT

The certificate of deposit is reported in the statements of financial position at cost, which approximates fair value. Donated investments are reported at market value at the date of donation and thereafter carried at fair value.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost when purchased. Donated items are reported at their estimated fair market values as of the dates the gifts were received. Depreciation is reported using the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years. Depreciation expense was \$23,577 and \$41,270 for the years ended September 30, 2015 and 2014, respectively.

NET ASSETS

The financial statements report amounts separately by classes of net assets.

UNRESTRICTED NET ASSETS are those available for current purposes under the direction of the Board (undesignated net assets), those designated by the Board for specific uses and those invested in capitalized property and equipment less related debt.

TEMPORARILY RESTRICTED NET ASSETS are those subject to donor-imposed stipulations that may or will be met either by actions of KFK or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

PERMANENTLY RESTRICTED NET ASSETS are those subject to donor-imposed stipulations to be maintained permanently by an organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. To date, KFK has received no permanently restricted contributions.

SUPPORT AND REVENUE

Contributions are recognized when cash is received, unconditional promises are made or ownership of donated assets are transferred. Contributions received are reported as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions of assets other than cash are reported at their estimated fair value. KFK reports donations of property and equipment as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with restrictions regarding their use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired and placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time.

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

Notes to Financial Statements

September 30, 2015 and 2014

2. SIGNIFICANT ACCOUNTING POLICIES, continued

SUPPORT AND REVENUE, continued

Sales revenue and cost of sales are reported net of discounts.

All other revenues are reported when earned.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported as incurred. The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefitting from those expenditures. KFK incurred no joint costs during the years ended September 30, 2015 and 2014.

ADVERTISING

KFK expenses advertising costs as they are incurred. Advertising costs totaled \$4,573 and \$938 for the years ended September 30, 2015 and 2014, respectively.

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	September 30,	
	2015	2014
Camp BE-YON-KEY/iToadu	\$ 25,971	\$ 20,383
Language translation projects	22,610	5,410
Seasons of Faith book project	2,221	2,221
Stones of Remembrance	-	10,163
	\$ 50,802	\$ 38,177

4. CONCENTRATION

For the years ended September 30, 2015 and 2014, the top five donors provided approximately 19 percent and 20 percent, respectively, of total contributions.

5. RELATED PARTY TRANSACTIONS

The president of KFK's board is the managing partner of an accounting firm which provided services to KFK during the years ended September 30, 2015 and 2014, for which the firm was paid \$1,270 and \$1,678, respectively.

6. SUBSEQUENT EVENTS

Subsequent events were evaluated through [date of approval], which is the date the financial statements were available to be issued.

SUPPLEMENTARY DATA

CHILDREN'S BIBLE HOUR
DBA KEYS FOR KIDS MINISTRIES

Schedules of Functional Expenses

	2015				2014			
	Management and General		Fund-Raising	Totals	Management and General		Fund-Raising	Totals
	Program Services							
Contributions	\$ 400	\$ -	\$ -	\$ 400	\$ 602	\$ -	\$ -	\$ 602
Salaries and wages	286,931	116,480	37,900	441,311	293,927	139,176	27,133	460,236
Other employee benefits	28,925	11,686	3,802	44,413	23,878	11,007	2,146	37,031
Payroll taxes	21,598	8,768	2,853	33,219	22,135	10,481	2,043	34,659
Professional fees - accounting	-	4,573	-	4,573	-	18,950	-	18,950
Professional fees - other	150	1,500	-	1,650	-	1,632	-	1,632
Advertising and promotion	17,157	1,338	22,510	41,005	3,350	2,435	9,428	15,213
Office	43,521	15,017	12,073	70,611	49,093	12,487	18,192	79,772
Information technology	67,469	9,246	20,146	96,861	76,235	7,957	19,250	103,442
Occupancy	10,699	16,907	6,345	33,951	17,637	28,507	10,068	56,212
Travel	1,262	1,779	4,665	7,706	511	1,174	2,537	4,222
Conferences, conventions and meetings	3,376	4,241	846	8,463	1,564	2,016	398	3,978
Depreciation	17,682	5,423	472	23,577	30,953	9,492	825	41,270
Insurance	3,872	1,033	258	5,163	5,535	1,476	369	7,380
Program production	82,511	1,474	78	84,063	112,935	1,505	21	114,461
Keys for Kids	76,864	-	-	76,864	94,036	-	-	94,036
Foreign projects	-	-	-	-	792	-	-	792
Banquet expenses	-	-	3,661	3,661	-	-	-	-
Property taxes	-	723	-	723	-	10,467	-	10,467
Total Expenses	\$ 662,417	\$ 200,188	\$ 115,609	\$ 978,214	\$ 733,183	\$ 258,762	\$ 92,410	\$ 1,084,355

See independent accountant's review report and notes to financial statements