

1954

# Audit Report

Herald of Truth

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AUDIT REPORT 1954

THE HERALD OF TRUTH RADIO



THE HIGHLAND CHURCH OF CHRIST RADIO PROGRAM  
THE HERALD OF TRUTH

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DECEMBER 31, 1954

HIGHLAND CHURCH OF CHRIST  
RADIO PROGRAM  
REPORT ON EXAMINATION  
DECEMBER 31, 1954

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*Critchfield and Co.*

*Critchfield and Co.*

Certified Public Accountants  
310 Petroleum Bldg.  
ABILENE, TEXAS

March 17, 1955

Elders of the Highland Church of Christ  
425 Highland Street  
Abilene, Texas

Gentlemen:

We have examined the balance sheet of the HIGHLAND CHURCH OF CHRIST RADIO PROGRAM, known as the HERALD OF TRUTH, as of December 31, 1954, and the related statements of receipts and disbursements and statement of surplus for the year then ended. We now submit our report together with the statements listed in the table of contents.

SCOPE OF EXAMINATION

We have reviewed the system of internal control and the accounting procedures of the fund and, without making a detailed audit of the transactions, have examined or tested accounting records of the fund and other supporting evidence, by methods and to the extent we deemed appropriate, as explained in subsequent sections of this report. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

OPERATING FINANCIAL HIGHLIGHTS  
( a three-year comparison )

	<u>1952</u>	<u>1953</u>	<u>1954</u>
Funds received in 1954 increased \$88,946.98 from the 1953 total, or an increase of 24.2% over the 1953 total.	\$ 359,892.31	\$ 366,336.08	\$ 455,283.06
Broadcasting and television expense increased \$140,276.10, or 45.04% over 1953, but the television costs accounted for \$160,990.79, so that there was an actual decrease of \$20,714.69, or 6.65% in radio broadcasting. However, \$22,472.69 of prepaid broadcasting fees were carried over into 1954 so that in effect there was no increase or decrease in broadcasting fees.	242,462.82	311,404.71	451,680.81
Promotional & Public Relations decreased from the 1953 totals in the amount of \$9,253.20, or 42.7%.	31,372.25	21,635.63	12,382.43
General & Administrative expenses decreased from the 1953 totals in the amount of \$1,453.96 or a decrease of 3.91%.	33,730.41	37,124.43	35,670.47
Average receipts per day increased \$243.69 from the 1953 average, an increase of 24.28%.	986.00	1,003.66	1,247.35
Average cash disbursements increased \$293.41 over the 1953 average, an increase of 28.93%.	843.00	1,014.15	1,307.56

The fund's dollar was spent in each of the three years as follows:

	<u>1952</u>	<u>1953</u>	<u>1954</u>
Broadcasting	\$ 0.6737	\$ 0.8522	\$ 0.9921
Promotional & Public Relations	.0933	.0596	.0272
General & Administrative	.0826	.1013	.0783
Retained in Surplus	.1454		
Expended from Surplus		(.0131)	(.0976)
	<u>\$ 1.0000</u>	<u>\$ 1.0000</u>	<u>\$ 1.0000</u>

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REVIEW OF OPERATIONS

A summary review of operations for the years 1953 and 1954 is given in another form in the following tabulation:

	<u>1953</u>		<u>1954</u>	
	Amount	Per Cent To Total Receipts	Amount	Per Cent To Total Receipts
<b>Funds Received from:</b>				
Pledges Paid	\$ 269,729.02	73.63	\$ 345,801.21	73.96
Contributions Received	89,851.45	24.53	103,601.65	22.76
Tracts	867.60	.24	347.70	.07
Transcriptions	5,025.68	1.59	5,282.50	1.16
Interest	63.33	.01	250.00	.05
	<u>\$ 366,336.08</u>	<u>100.00</u>	<u>\$ 455,283.06</u>	<u>100.00</u>
<b>Funds Disbursed to:</b>				
Broadcasting	\$ 311,404.71	84.95	\$ 451,680.81	99.21
Promotional & Public Relations	21,635.65	5.96	12,382.43	2.72
General & Administrative Expense	<u>37,124.43</u>	<u>10.13</u>	<u>35,670.47</u>	<u>7.83</u>
Excess (Deficit) of Receipts over Disbursements (to Surplus)	<u>\$ ( 3,228.71)</u>	<u>( 1.04)</u>	<u>\$ (44,459.65)</u>	<u>( 9.76)</u>

Broadcasting Expense, after adjustments for prepayments and removal of television charges, increased \$1,738.00 and were 68.76% of the total receipts in 1954 as compared to 70.87% of the receipts in 1953.

Promotional, Public Relations and Administrative Expenses decreased \$10,707.16 from the 1953 total; they amounted to 10.55% of the total receipts in 1954 as compared to 16.09% in 1953. A comparison of these expenses for the two years follows:

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Promotional & Public Relations:

	<u>Year Ended</u>		<u>Increase</u>
	<u>1954</u>	<u>1953</u>	<u>(Decrease)</u>
Publicity	\$ 433.89	\$ 1,255.64	\$ ( 821.75)
Travel	981.35	4,463.61	(3,482.26)
Mailing & Postage	4,002.33	4,783.55	( 781.22)
Printing	<u>6,964.86</u>	<u>11,132.85</u>	<u>(4,167.99)</u>
	<u>\$ 12,382.43</u>	<u>\$ 21,635.65</u>	<u>\$ (9,253.22)</u>

Average Calendar Day  
Expenditure

\$ 33.92      \$ 59.28

General & Administrative:

Salaries & Wages	\$ 29,439.75	\$ 29,615.31	\$ ( 175.56)
Rent	1,833.35	1,888.21	( 54.86)
Utilities	259.28	252.97	6.31
Telephone & Telegraph	2,322.41	2,391.99	( 69.58)
Insurance	531.47	257.49	273.98
Stationery & Supplies	691.21	2,519.35	(1,827.14)
Miscellaneous	<u>593.00</u>	<u>200.11</u>	<u>392.89</u>
	<u>\$ 35,670.47</u>	<u>\$ 37,124.43</u>	<u>\$ (1,453.96)</u>

Average Calendar Day  
Expenditure

\$ 97.72      \$ 101.71

The decrease in all of the above expenses categories is the result of a more efficient use of existing facilities, and the substitution of mimeographing for printing in quite a number of instances.

A statement of Cash Receipts and Disbursements is given in Exhibit C.

REVIEW OF FINANCIAL POSITION

A balance sheet at December 31, 1954 is shown in Exhibit A. The financial position at December 31, 1953 and December 31, 1954 is summarized below:

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ASSETS

	December 31, 1954	December 31, 1953	Increase (Decrease)
<b>Current Assets:</b>			
Cash In Bank, Clearing	\$ 4,635.50	\$ 24,092.51	\$ (19,457.01)
Cash in Bank, Savings		10,000.00	(10,000.00)
Cash in Bank, Reserve		1,430.00	( 1,430.00)
Prepaid Broadcasting Fees		22,472.69	(22,472.69)
Accounts Payable, Debit Balances	<u>5,590.76</u>	<u>5,590.76</u>	<u>5,590.76</u>
	\$ 10,226.26	\$ 57,995.20	\$ (47,768.94)
 Furniture & Equipment	 8,695.66	 8,560.19	 135.47
Utility Deposits	<u>5.00</u>	<u>10.00</u>	<u>( 5.00)</u>
	<u>\$ 18,926.92</u>	<u>\$ 66,565.39</u>	<u>\$ (47,638.47)</u>

LIABILITIES & SURPLUS

<b>Current Liabilities:</b>			
Accounts Payable	\$ 2,100.81	\$ 4,857.96	\$ ( 2,757.15)
Accrued Taxes & Withholdings	<u>250.17</u>	<u>401.69</u>	<u>( 151.52)</u>
	\$ 2,350.98	\$ 5,339.65	\$ ( 2,988.67)
 Prepaid Pledges	 850.00	 2,215.00	 ( 1,365.00)
 Surplus	 <u>15,725.94</u>	 <u>59,010.74</u>	 <u>(43,284.80)</u>
	<u>\$ 18,926.92</u>	<u>\$ 66,565.39</u>	<u>\$ (47,638.47)</u>

ASSETS

Cash in Bank, First State Bank, Abilene, Texas - \$ 4,635.50

We obtained certificates from the bank confirming deposit balances as of December 31, 1954 and reconciled these with the balances shown in the books.

Accounts Payable, Debit Balances - \$ 5,590.76

This account consists of the following:

The Martin Company	\$ 5,490.76
Travel Advance	<u>100.00</u>
	<u>\$ 5,590.76</u>

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The amount to the Martin Company is due to the practice of paying a stated amount per week for the broadcasting and television costs, rather than paying once a month.

Furniture & Equipment - \$ 8,695.66

We made tests of purchase invoices in support of the additions to fixed assets. There have been no retirements.

LIABILITIES & SURPLUS

Accounts Payable - \$ 2,100.81

We checked to see that the unpaid items open in the accounts were in agreement with the controlling accounts. We made tests of the monthly statements received from certain of the principle creditors, reviewed disbursements and invoices received during the months of January, June, October and December of 1954, and obtained certificates to satisfy ourselves that all known liabilities were recorded at December 31, 1954.

Accrued Taxes & Withholdings - \$ 250.17

We checked the methods and calculations of the fund in the withholding of income taxes, but did not check each one in detail.

Unappropriated Surplus - \$ 7,025.28  
Appropriated Surplus - 8,700.66

Changes in Unappropriated Surplus are detailed in Exhibit B. The change in Appropriated Surplus was due to the purchase of \$135.47 in furniture and equipment in the current years.

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OPINION

In our opinion, the accompanying balance sheet and statement of receipts and disbursements and statement of surplus present fairly the position of the HIGHLAND CHURCH OF CHRIST RADIO PROGRAM, known as the HERALD OF TRUTH, without reference to the Highland Church of Christ's records, at December 31, 1934, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceeding year.

Yours truly,

*Critchfield & Co.*

*Critchfield and Co.*

THE HIGHLAND CHURCH OF CHRIST RADIO PROGRAM  
THE HERALD OF TRUTH  
 Balance Sheet  
 As of  
December 31, 1934

A S S E T S

Current Assets		
Cash in Bank	\$ 4,635.50	
Accounts Payable, Debit Balances	<u>5,590.76</u>	
Total Current Assets		\$ 10,226.26
Other Assets		
Utility Deposits	\$ 5.00	
Furniture & Equipment	<u>8,693.66</u>	
Total Other Assets		<u>8,700.66</u>
		<u>\$ 18,926.92</u>

L I A B I L I T I E S & S U R P L U S

Current Liabilities		
Accounts Payable	\$ 2,100.81	
Accrued Taxes & Withholdings	<u>250.17</u>	
Total Current Liabilities		\$ 2,350.98
Deferred Receipts		830.00
Surplus		
Unappropriated Surplus	\$ 7,025.28	
Appropriated Surplus	<u>8,700.66</u>	
Total Surplus		<u>15,725.94</u>
		<u>\$ 18,926.92</u>

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THE HIGHLAND CHURCH OF CHRIST RADIO PROGRAM  
THE HERALD OF TRUTH  
Analysis of Unappropriated Surplus  
For the Calendar Year 1954

Cash Surplus:		
Cash, 1-1-54	\$ 35,522.51	
Accounts Payable, Current	\$ 4,038.72	
Deferred Receipts	<u>2,215.00</u>	<u>6,253.72</u>
Cash Surplus, 1-1-54		\$ 29,268.79
Total Receipts	\$ 435,288.06	
Total Disbursements	<u>477,531.57</u>	<u>22,243.51</u>
Excess of Disbursements Over Receipts		\$ 7,025.20
Cash Surplus, 12-31-54		\$ 4,635.50
Cash, 12-31-54		<u>5,590.76</u>
Accounts Payable, Debit Balances		\$ 10,226.26
Accounts Payable, Current	\$ 2,350.98	
Deferred Receipts	<u>850.00</u>	<u>3,200.98</u>
Total Unappropriated Surplus		\$ 7,025.20

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THE HIGHLAND CHURCH OF CHRIST RADIO PROGRAM  
THE HERALD OF TRUTH  
Statement of Receipts & Disbursements  
For the Calendar Year 1954

Receipts		
(Schedule #1)		\$ 435,288.06
Funds Were Disbursed to:		
Broadcasting & Television		
(Schedule #2)	\$ 451,680.81	
Promotional & Public Relations		
(Schedule #3)	12,382.43	
General & Administrative		
(Schedule #4)	<u>35,670.47</u>	<u>499,733.71</u>
Total Disbursements		
Excess of Disbursements Over Receipts		\$ 44,450.65

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SCHEDULE #1 - RECEIPTS

Pledged Amounts	\$ 345,801.21
Contributions	103,601.65
Tracts	347.70
Transcriptions	5,282.50
Interest	<u>250.00</u>
	<u>\$ 455,283.06</u>

SCHEDULE #2 - BROADCASTING & TELEVISION COSTS

Tape Recordings	\$ 12,163.84
Broadcasting	265,476.18
Television	160,990.79
Salaries - Evangelists	<u>13,050.00</u>
	<u>\$ 451,680.81</u>

SCHEDULE #3 - PROMOTIONAL & PUBLIC RELATIONS

Publicity	\$ 433.09
Mailing & Postage	4,002.33
Travel	981.35
Printing	<u>6,964.86</u>
	<u>\$ 12,382.43</u>

SCHEDULE #4 - GENERAL & ADMINISTRATIVE

Salaries & Wages	\$ 29,439.75
Office Supplies	691.21
Utilities	259.28
Telephone & Telegraph	2,322.41
Rent	1,833.35
Miscellaneous	593.00
Insurance	<u>531.47</u>
	<u>\$ 35,670.47</u>

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