



REACH

Ramesh Richard Evangelism and Church Health

RAMESH RICHARD EVANGELISM AND
CHURCH HEALTH

Financial Statements
With Independent Auditors' Report

December 31, 2016 and 2015

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Ramesh Richard Evangelism and Church Health
Dallas, Texas

We have audited the accompanying financial statements of Ramesh Richard Evangelism and Church Health which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

Board of Directors
Ramesh Richard Evangelism and Church Health
Dallas, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ramesh Richard Evangelism and Church Health as of December 31, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Grapevine, Texas
June 23, 2017

**RAMESH RICHARD EVANGELISM
AND CHURCH HEALTH**

Statements of Financial Position

| | December 31, | |
|---|---------------------|---------------------|
| | 2016 | 2015 |
| ASSETS: | | |
| Cash and cash equivalents | \$ 6,857,908 | \$ 5,709,283 |
| Prepaid expenses and other assets | 13,197 | 1,892,915 |
| | \$ 6,871,105 | \$ 7,602,198 |
| LIABILITIES AND NET ASSETS: | | |
| Accounts payable and accrued expenses | \$ 25,711 | \$ 42,125 |
| Deferred revenue | - | 39,483 |
| | 25,711 | 81,608 |
| Net assets: | | |
| Unrestricted: | | |
| Operating | 2,416,241 | 2,002,640 |
| Board designated | 300,000 | 300,000 |
| Net investments in property and equipment | 12,793 | 8,430 |
| | 2,729,034 | 2,311,070 |
| Temporarily restricted | 4,116,360 | 5,209,520 |
| | 6,845,394 | 7,520,590 |
| Total Liabilities and Net Assets | \$ 6,871,105 | \$ 7,602,198 |

See notes to financial statements

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Statements of Activities

| | Year Ended December 31, | | | | | |
|--|-------------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------|
| | 2016 | | | 2015 | | |
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| SUPPORT, REVENUE, AND RECLASSIFICATIONS: | | | | | | |
| Contributions and other income | \$ 1,656,387 | \$ 2,317,004 | \$ 3,973,391 | \$ 926,433 | \$ 2,401,717 | \$ 3,328,150 |
| Net assets released from restrictions | 3,410,164 | (3,410,164) | - | 1,362,643 | (1,362,643) | - |
| Total Support, Revenue, and Reclassifications | 5,066,551 | (1,093,160) | 3,973,391 | 2,289,076 | 1,039,074 | 3,328,150 |
| EXPENSES: | | | | | | |
| Program services: | | | | | | |
| Global Proclamation Commission | 4,093,902 | - | 4,093,902 | 906,574 | - | 906,574 |
| Proclamation activities | 108,864 | - | 108,864 | 285,454 | - | 285,454 |
| Other ministry activities | 212,657 | - | 212,657 | 278,894 | - | 278,894 |
| | 4,415,423 | - | 4,415,423 | 1,470,922 | - | 1,470,922 |
| Supporting activities: | | | | | | |
| General and administrative | 129,594 | - | 129,594 | 113,391 | - | 113,391 |
| Fund-raising | 103,570 | - | 103,570 | 146,908 | - | 146,908 |
| | 233,164 | - | 233,164 | 260,299 | - | 260,299 |
| Total Expenses | 4,648,587 | - | 4,648,587 | 1,731,221 | - | 1,731,221 |
| Change in Net Assets | 417,964 | (1,093,160) | (675,196) | 557,855 | 1,039,074 | 1,596,929 |
| Net Assets, Beginning of Year | 2,311,070 | 5,209,520 | 7,520,590 | 1,753,215 | 4,170,446 | 5,923,661 |
| Net Assets, End of Year | \$ 2,729,034 | \$ 4,116,360 | \$ 6,845,394 | \$ 2,311,070 | \$ 5,209,520 | \$ 7,520,590 |

See notes to financial statements

**RAMESH RICHARD EVANGELISM
AND CHURCH HEALTH**

Statements of Cash Flows

| | Year Ended December 31, | |
|---|-------------------------|--------------|
| | 2016 | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ (675,196) | \$ 1,596,929 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 4,497 | 5,579 |
| Change in operating assets and liabilities: | | |
| Prepaid expenses and other assets | 1,875,221 | (1,395,191) |
| Accounts payable and accrued expenses | (16,414) | 24,413 |
| Deferred revenue | (39,483) | 39,483 |
| Net Cash Provided by Operating Activities | 1,148,625 | 271,213 |
| Net Change in Cash and Cash Equivalents | 1,148,625 | 271,213 |
| Cash and Cash Equivalents, Beginning of Year | 5,709,283 | 5,438,070 |
| Cash and Cash Equivalents, End of Year | \$ 6,857,908 | \$ 5,709,283 |

See notes to financial statements

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2016 and 2015

1. NATURE OF ORGANIZATION:

Ramesh Richard Evangelism and Church Health (RREACH) is organized as a not-for-profit corporation under the laws of Texas and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

RREACH is a global proclamation ministry and implements God's calling and gifting on Ramesh Richard to promote the Lord Jesus Christ worldwide. The organization envisions changing the way one billion individuals think and hear about the Lord Jesus Christ. This mission is accomplished through personal proclamation, media outreach, and ministry training.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of RREACH have been prepared on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposit accounts, commercial paper, and money market accounts which include highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. These accounts, at times, may exceed federally insured limits. RREACH has not experienced any losses on such accounts and believes they are not exposed to any significant credit risk.

NET ASSETS

The financial statements report amounts by classification of net assets as follows:

Unrestricted net assets are currently available for use at the discretion of the board in RREACH's operations, as well as resources invested in property and equipment.

Temporarily restricted net assets are those stipulated by donors for specific operating purposes, programs, or for the acquisition of property and equipment.

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND RECLASSIFICATIONS, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated asset is transferred. All noncash gifts are recorded as support at the estimated fair market value on the date of the gift. RREACH receives the majority of its support in contributions. RREACH records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions, or both. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. For contributions restricted by donors for the acquisition of property and equipment, the restriction is considered to be met when the property and equipment is placed in service.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting activities.

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 December 31, 2016 and 2015, RREACH had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

RREACH files information tax returns in the U.S. and various states. RREACH is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentation.

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2016 and 2015

3. TEMPORARILY RESTRICTED NET ASSETS:

The following table reflects the temporarily restricted activity by restriction during the year ended December 31, 2016:

| | December 31, 2015 | Contributions | Net Assets released from restriction | December 31, 2016 |
|-----------------|----------------------|---------------------|--|----------------------|
| G-ProCommission | \$ 5,169,466 | \$ 2,290,205 | \$ (3,386,815) | \$ 4,072,856 |
| Economic helps | 40,054 | 5,190 | (1,740) | 43,504 |
| Other projects | - | 21,609 | (21,609) | - |
| | <u>\$ 5,209,520</u> | <u>\$ 2,317,004</u> | <u>\$ (3,410,164)</u> | <u>\$ 4,116,360</u> |

The following table reflects the temporarily restricted activity by restriction during the year ended December 31, 2015:

| | December 31, 2014 | Contributions | Net Assets released from restriction | December 31, 2015 |
|-----------------|----------------------|---------------------|--|----------------------|
| G-ProCommission | \$ 4,152,749 | \$ 2,310,359 | \$ (1,293,642) | \$ 5,169,466 |
| Economic helps | 17,697 | 49,798 | (27,441) | 40,054 |
| Other projects | - | 41,560 | (41,560) | - |
| | <u>\$ 4,170,446</u> | <u>\$ 2,401,717</u> | <u>\$ (1,362,643)</u> | <u>\$ 5,209,520</u> |

The Global Proclamation Commission (GProCommission) is a major ministry initiative of RREACH that comprises three pastoral training programs: the Dallas Global Proclamation Academy (started in 2005, the program brings 25 leading younger pastors from 25 different countries to Dallas for three weeks of intensive training on the campus of Dallas Seminary), National Global Proclamation Academies (started in 2010, this is a national version of the Dallas GPA held in up to 25 countries each year with 25 leading younger pastors from the attending country), and the Global Proclamation Congress for Pastoral Trainers (the GProCongress was a major gathering of 2,572 pastoral trainers from 101 countries held in June 2016, in Bangkok, Thailand, with intensive follow-up efforts occurring afterwards for four years).

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2016 and 2015

4. RETIREMENT PLAN:

RREACH maintains a defined contribution retirement plan under section 403(b) of the Code covering all regular, full-time employees who meet certain eligibility requirements. RREACH provides a 2% contribution to all full-time staff. In addition, staff may elect to contribute towards their retirement with RREACH matching the first 3% of personal contributions. Total employer contributions to the plan were \$15,871 and \$16,657 for the years ended December 31, 2016 and 2015, respectively.

5. CONCENTRATION RISK:

RREACH received contributions of approximately \$1,486,284 from three contributors and \$1,057,000 from four contributors during the years ended December 31, 2016 and 2015, respectively. These gifts accounted for approximately 48% and 32% of total contributions during the years ended December 31, 2016 and 2015, respectively. A majority of these gifts were restricted for the G-Pro Commission.

6. RELATED PARTY TRANSACTIONS:

RREACH utilizes the services of a company owned by a family member of the president for professional management services. For both years ended December 31, 2016 and 2015, the total paid to the company was \$53,000.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Directors
Ramesh Richard Evangelism and Church Health
Dallas, Texas

We have audited the financial statements of Ramesh Richard Evangelism and Church Health as of and for the years ended December 31, 2016 and 2015, and our report thereon dated June 23, 2017, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Grapevine, Texas
June 23, 2017

**RAMESH RICHARD EVANGELISM
AND CHURCH HEALTH**

Supplemental Schedule of Functional Expenses

Year Ended December 31, 2016
(With Summarized 2015 Totals)

| | Program Services | General and Administration | Fund-raising | Total | 2015 Total |
|-----------------------------------|---------------------|-------------------------------|-------------------|---------------------|---------------------|
| Salaries | \$ 663,124 | \$ 33,366 | \$ 50,464 | \$ 746,954 | \$ 811,918 |
| Payroll taxes and benefits | 115,896 | 15,421 | 16,922 | 148,239 | 166,735 |
| Total personnel costs | 779,020 | 48,787 | 67,386 | 895,193 | 978,653 |
| Conferences | 2,821,404 | 2,603 | 1,363 | 2,825,370 | 60,048 |
| Travel | 465,281 | 1,244 | 51 | 466,575 | 224,086 |
| Professional fees | 206,871 | 12,476 | 86 | 219,433 | 61,540 |
| Printing and production | 27,385 | 3,637 | 10,021 | 41,044 | 33,005 |
| Facilities | 30,605 | 3,826 | 3,826 | 38,256 | 37,848 |
| Office supplies | 25,131 | 4,369 | 4,533 | 34,033 | 40,682 |
| Dues and subscriptions | 12,921 | 14,518 | 5,519 | 32,959 | 17,685 |
| Bank fees | - | 26,081 | - | 26,081 | 13,453 |
| Postage | 7,310 | 6,145 | 9,264 | 22,720 | 30,711 |
| Contributions to other ministries | 21,070 | - | - | 21,070 | 131,670 |
| Advertising and recruitment | 16,125 | - | - | 16,125 | 50,399 |
| Miscellaneous | 1,175 | 2,985 | 1,071 | 5,231 | 47,021 |
| Depreciation | 1,124 | 2,923 | 450 | 4,497 | 4,420 |
| Total | \$ 4,415,423 | \$ 129,594 | \$ 103,570 | \$ 4,648,587 | \$ 1,731,221 |
| 2015 Total | \$ 1,470,922 | \$ 113,391 | \$ 146,908 | | \$ 1,731,221 |