



R E A C H

Ramesh Richard Evangelism and Church Health

RAMESH RICHARD EVANGELISM AND
CHURCH HEALTH

Financial Statements
With Independent Auditors' Report

December 31, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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.

Emphasis of Matter

As described in Note 8 to the financial statements, the Ramesh Richard Evangelism and Church Health determined that as of December 31, 2016, some activities with donor restrictions were overstated. The effect of this change was to increase releases from restriction as of December 31, 2016. The adjustment has been recorded as a prior period adjustment and resulted in its 2016 financial statements being restated. Our opinion is not modified with respect to these matters.

Ramesh Richard Evangelism and Church Health has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. This has had a material effect on the presentation of the December 31, 2017 and 2016, financial statements.

Capin Crouse LLP

Grapevine, Texas
May 30, 2018

**RAMESH RICHARD EVANGELISM
AND CHURCH HEALTH**

Statements of Financial Position

	December 31,	
	2017	2016, restated
ASSETS:		
Cash and cash equivalents	\$ 7,005,897	\$ 6,857,908
Prepaid expenses and other assets	43,128	13,197
	\$ 7,049,025	\$ 6,871,105
Total Assets		
LIABILITIES AND NET ASSETS:		
Accounts payable and accrued expenses	\$ 19,064	\$ 25,711
Net assets:		
Without donor restriction:		
Operating	3,336,099	3,258,956
Board designated	300,000	300,000
Net investment in property and equipment	7,520	12,793
	3,643,619	3,571,749
With donor restriction	3,386,342	3,273,645
	7,029,961	6,845,394
Total Liabilities and Net Assets	\$ 7,049,025	\$ 6,871,105

See notes to financial statements

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Statements of Activities

	Year Ended December 31,					
	2017			2016, restated		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions and other income	\$ 976,913	\$ 1,004,411	\$ 1,981,324	\$ 1,656,387	\$ 2,317,004	\$ 3,973,391
Net assets released from restrictions	891,714	(891,714)	-	4,252,879	(4,252,879)	-
Total Support, Revenue, and Reclassifications	1,868,627	112,697	1,981,324	5,909,266	(1,935,875)	3,973,391
EXPENSES:						
Program services:						
Global Proclamation Commission	802,708	-	802,708	4,093,902	-	4,093,902
Proclamation activities	393,481	-	393,481	108,864	-	108,864
Other ministry activities	309,513	-	309,513	212,657	-	212,657
	<u>1,505,702</u>	<u>-</u>	<u>1,505,702</u>	<u>4,415,423</u>	<u>-</u>	<u>4,415,423</u>
Supporting activities:						
General and administrative	161,923	-	161,923	129,594	-	129,594
Fund-raising	129,132	-	129,132	103,570	-	103,570
	<u>291,055</u>	<u>-</u>	<u>291,055</u>	<u>233,164</u>	<u>-</u>	<u>233,164</u>
Total Expenses	1,796,757	-	1,796,757	4,648,587	-	4,648,587
Change in Net Assets	71,870	112,697	184,567	1,260,679	(1,935,875)	(675,196)
Net Assets, Beginning of Year	<u>3,571,749</u>	<u>3,273,645</u>	<u>6,845,394</u>	<u>2,311,070</u>	<u>5,209,520</u>	<u>7,520,590</u>
Net Assets, End of Year	<u>\$ 3,643,619</u>	<u>\$ 3,386,342</u>	<u>\$ 7,029,961</u>	<u>\$ 3,571,749</u>	<u>\$ 3,273,645</u>	<u>\$ 6,845,394</u>

See notes to financial statements

**RAMESH RICHARD EVANGELISM
AND CHURCH HEALTH**

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services				General and Administration	Fund-raising	Total
	Global Proclamation Commission	Proclamation Activities	Other Ministry Activities	Total Program Services			
Salaries	\$ 157,070	\$ 212,938	\$ 76,493	\$ 446,501	\$ 45,952	\$ 52,210	\$ 544,663
Payroll taxes and benefits	10,117	19,065	121,020	150,202	20,565	20,913	191,680
Total personnel costs	167,187	232,003	197,513	596,703	66,517	73,123	736,343
Conferences	65,493	20,698	10,550	96,741	4,856	9,599	111,196
Travel	87,982	56,024	4,434	148,440	6,151	(676)	153,915
Professional fees	249,993	11,363	31,025	292,381	33,099	5,125	330,605
Printing and production	-	12,283	5,088	17,371	4,618	11,197	33,186
Facilities	-	-	33,363	33,363	4,170	4,170	41,703
Office supplies	18,787	942	9,224	28,953	6,381	6,910	42,244
Dues and subscriptions	8,419	-	4,414	12,833	13,314	7,336	33,483
Bank fees	-	-	-	-	9,857	-	9,857
Postage	1,985	45	6,542	8,572	7,814	11,812	28,198
Contributions							
to other ministries	202,417	46,175	1,498	250,090	-	-	250,090
Advertising and recruitment	134	13,856	-	13,990	-	-	13,990
Miscellaneous	311	92	4,544	4,947	1,718	9	6,674
Depreciation	-	-	1,318	1,318	3,428	527	5,273
Total	\$ 802,708	\$ 393,481	\$ 309,513	\$ 1,505,702	\$ 161,923	\$ 129,132	\$ 1,796,757

See notes to financial statements

**RAMESH RICHARD EVANGELISM
AND CHURCH HEALTH**

Statement of Functional Expenses

Year Ended December 31, 2016

	Program Services				General and Administration	Fund-raising	Total
	Global Proclamation Commission	Proclamation Activities	Other Ministry Activities	Total Program Services			
Salaries	\$ 571,734	\$ 37,765	\$ 53,625	\$ 663,124	\$ 33,366	\$ 50,464	\$ 746,954
Payroll taxes and benefits	29,380	1,780	84,736	115,896	15,421	16,922	148,239
Total personnel costs	601,114	39,545	138,361	779,020	48,787	67,386	895,193
Conferences	2,812,501	8,544	359	2,821,404	2,603	1,363	2,825,370
Travel	439,725	21,458	4,098	465,281	1,244	51	466,576
Professional fees	190,894	10,348	5,629	206,871	12,476	86	219,433
Printing and production	18,888	3,945	4,553	27,386	3,637	10,021	41,044
Facilities	-	-	30,605	30,605	3,826	3,826	38,257
Office supplies	9,317	-	15,814	25,131	4,369	4,533	34,033
Dues and subscriptions	6,580	1,863	4,478	12,921	14,518	5,519	32,958
Bank fees	-	-	-	-	26,081	-	26,081
Postage	765	-	6,545	7,310	6,145	9,264	22,719
Contributions							
to other ministries	11,035	10,035	-	21,070	-	-	21,070
Advertising and recruitment	3,033	13,092	-	16,125	-	-	16,125
Miscellaneous	50	34	1,091	1,175	2,985	1,071	5,231
Depreciation	-	-	1,124	1,124	2,923	450	4,497
Total	\$ 4,093,902	\$ 108,864	\$ 212,657	\$ 4,415,423	\$ 129,594	\$ 103,570	\$ 4,648,587

See notes to financial statements

**RAMESH RICHARD EVANGELISM
AND CHURCH HEALTH**

Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 184,567	\$ (675,196)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	5,274	4,497
Change in operating assets and liabilities:		
Prepaid expenses and other assets	(35,205)	1,875,221
Accounts payable and accrued expenses	(6,647)	(16,414)
Deferred revenue	-	(39,483)
Net Cash Provided by Operating Activities	147,989	1,148,625
Net Change in Cash and Cash Equivalents	147,989	1,148,625
Cash and Cash Equivalents, Beginning of Year	6,857,908	5,709,283
Cash and Cash Equivalents, End of Year	\$ 7,005,897	\$ 6,857,908

See notes to financial statements

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2017 and 2016

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. As of December 31, 2017 and 2016, the cash accounts maintained exceeded federally insured limits by \$6,567,793 and \$6,356,274, respectively. RREACH has not experienced any losses on such accounts and believes they are not exposed to any significant credit risk on cash and cash equivalents.

NET ASSETS

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

Net assets without donor restrictions are currently available for use at the discretion of the board in RREACH's operations, as well as resources invested in property and equipment.

Net assets with donor restrictions 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, 2017 and 2016

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 “with donor restrictions” 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, 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. 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 financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of RREACH. These expenses include depreciation, proclamation activities, senior leadership office, printing and production, information technology, and facilities operations. Depreciation is allocated based on square footage. Costs of other categories were allocated on estimates of time and effort.

RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. RREACH adopted the provisions of this new standard during the year ended December 31, 2017. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources, and disclosures related to functional allocation of expenses were expanded.

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2017 and 2016

3. NET ASSETS WITH DONOR RESTRICTIONS:

The following table reflects with donor restriction activity by restriction type during the year ended December 31, 2017:

	December 31, 2016, restated	Contributions	Net assets released from restriction	December 31, 2017
GProCommission	\$ 3,230,141	\$ 801,785	\$ (776,066)	\$ 3,255,860
Economic helps	43,504	5,235	(5,761)	42,978
Other projects	-	197,391	(109,888)	87,503
	<u>\$ 3,273,645</u>	<u>\$ 1,004,411</u>	<u>\$ (891,715)</u>	<u>\$ 3,386,341</u>

The following table reflects with donor restriction activity by restriction type during the year ended December 31, 2016:

	December 31, 2015	Contributions	Net assets released from restriction	December 31, 2016, restated
GProCommission	\$ 5,169,466	\$ 2,290,205	\$ (4,229,530)	\$ 3,230,141
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>\$ (4,252,879)</u>	<u>\$ 3,273,645</u>

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2017 and 2016

3. NET ASSETS WITH DONOR RESTRICTIONS, continued:

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).

4. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the RREACH's financial assets as of December 31, 2017 and 2016, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, state required annuity reserves, trust assets, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments. These board designations could be drawn upon if the board approves that action.

	December 31,	
	2017	2016, restated
Financial assets:		
Cash and cash equivalents	\$ 7,005,897	\$ 6,857,908
Less those unavailable for general expenditure within one year, due to:		
Purpose restrictions by the donor	3,386,341	3,273,645
Designations by the board	300,000	300,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,319,556	\$ 3,284,263

RREACH has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. There is an established board-designated fund where the governing board has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities.

RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

Notes to Financial Statements

December 31, 2017 and 2016

5. 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 \$17,956 and \$15,781 for the years ended December 31, 2017 and 2016, respectively.

6. CONCENTRATION RISK:

RREACH received contributions of approximately \$1,659,952 from four contributors and \$1,486,284 from three contributors during the years ended December 31, 2017 and 2016, respectively. These gifts accounted for approximately 47% and 48% of total contributions during the years ended December 31, 2017 and 2016, respectively. A majority of these gifts were restricted by donors for the GPro Commission.

7. RELATED PARTY TRANSACTIONS:

RREACH utilizes the services of a company owned by a family member of the president for professional management services. For the years ended December 31, 2017 and 2016, the total paid to the company was \$58,000 and \$53,000, respectively.

8. PRIOR PERIOD ADJUSTMENT:

During the current year, it was determined that RREACH understated its releases from restriction and thus overstated donor with restrictions as of December 31, 2016. There was no change in total net assets. The correction of this item has been recorded as a prior period adjustment and had the following impact on the financial statements:

	As Previously Stated	Adjustment and Reclassifications	As Restated
Statement of financial position, December 31, 2016:			
Net assets without donor restrictions	\$ 2,729,034	\$ 842,715	\$ 3,571,749
Net assets with donor restrictions	\$ 4,116,360	\$ (842,715)	\$ 3,273,645
Statement of activities, year ended December 31, 2016:			
Change in net assets without donor restrictions	\$ 417,964	\$ 842,715	\$ 1,260,679
Change in net assets with donor restrictions	\$ (1,093,160)	\$ (842,715)	\$ (1,935,875)

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through May 30, 2018, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.