



REACH

Ramesh Richard Evangelism and Church Health

RAMESH RICHARD EVANGELISM AND  
CHURCH HEALTH

Financial Statements  
With Independent Auditors' Report

December 31, 2018 and 2017

# RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

## 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, 2018 and 2017, and the related statements of activities, functional expenses, 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, 2018 and 2017, 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  
July 23, 2019

**RAMESH RICHARD EVANGELISM  
AND CHURCH HEALTH**

**Statements of Financial Position**

	December 31,	
	2018	2017
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 3,905,485	\$ 7,005,897
Investments	2,994,120	-
Prepaid expenses and other assets	4,735	43,128
	<u>\$ 6,904,340</u>	<u>\$ 7,049,025</u>
<b>Total Assets</b>	<u>\$ 6,904,340</u>	<u>\$ 7,049,025</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable and accrued expenses	\$ 8,305	\$ 19,064
Net assets:		
Without donor restrictions:		
Operating	3,366,070	3,336,099
Board designated	300,000	300,000
Net investment in property and equipment	3,806	7,520
	<u>3,669,876</u>	<u>3,643,619</u>
With donor restrictions	3,226,159	3,386,342
	<u>6,896,035</u>	<u>7,029,961</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,904,340</u>	<u>\$ 7,049,025</u>

See notes to financial statements

# RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

## Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b>						
Contributions	\$ 766,898	\$ 897,682	\$ 1,664,580	\$ 976,913	\$ 1,004,411	\$ 1,981,324
Investment income	97,035	-	97,035	-	-	-
Net assets released from restrictions	1,057,865	(1,057,865)	-	891,714	(891,714)	-
<b>Total Support, Revenue, and Reclassifications</b>	<b>1,921,798</b>	<b>(160,183)</b>	<b>1,761,615</b>	<b>1,868,627</b>	<b>112,697</b>	<b>1,981,324</b>
<b>EXPENSES:</b>						
Program services:						
Global Proclamation Commission	856,880	-	856,880	802,708	-	802,708
Proclamation activities	425,650	-	425,650	393,481	-	393,481
Other ministry activities	328,196	-	328,196	309,513	-	309,513
	1,610,726	-	1,610,726	1,505,702	-	1,505,702
Supporting activities:						
General and administrative	149,776	-	149,776	161,923	-	161,923
Fund-raising	135,039	-	135,039	129,132	-	129,132
	284,815	-	284,815	291,055	-	291,055
<b>Total Expenses</b>	<b>1,895,541</b>	<b>-</b>	<b>1,895,541</b>	<b>1,796,757</b>	<b>-</b>	<b>1,796,757</b>
Change in Net Assets	26,257	(160,183)	(133,926)	71,870	112,697	184,567
Net Assets, Beginning of Year	3,643,619	3,386,342	7,029,961	3,571,749	3,273,645	6,845,394
Net Assets, End of Year	<b>\$ 3,669,876</b>	<b>\$ 3,226,159</b>	<b>\$ 6,896,035</b>	<b>\$ 3,643,619</b>	<b>\$ 3,386,342</b>	<b>\$ 7,029,961</b>

See notes to financial statements

**RAMESH RICHARD EVANGELISM  
AND CHURCH HEALTH**

**Statement of Functional Expenses**

Year Ended December 31, 2018

	Program Services						Total
	Global Proclamation Commission	Proclamation Activities	Other Ministry Activities	Total Program Services	General and Administration	Fund-raising	
Salaries	\$ 152,217	\$ 272,623	\$ 85,481	\$ 510,321	\$ 46,722	\$ 57,799	\$ 614,842
Payroll taxes and benefits	8,249	20,778	112,031	141,058	19,669	20,124	180,851
Total personnel costs	160,466	293,401	197,512	651,379	66,391	77,923	795,693
Conferences	64,465	24,810	8,121	97,396	4,736	7,536	109,668
Travel	118,366	41,980	3,236	163,582	380	173	164,135
Professional fees	286,508	24,761	35,154	346,423	34,979	6,137	387,539
Printing and production	-	7,320	7,264	14,584	5,185	13,625	33,394
Facilities	-	-	33,427	33,427	4,178	4,178	41,783
Office supplies	25,368	1,085	12,740	39,193	4,554	6,658	50,405
Dues and subscriptions	16,407	-	3,866	20,273	12,725	7,136	40,134
Bank fees	-	-	-	-	6,311	-	6,311
Postage	2,067	-	5,909	7,976	6,442	11,285	25,703
Contributions							
to other ministries	182,629	25,000	2,035	209,664	-	-	209,664
Advertising and recruitment	539	7,047	4,486	12,072	-	-	12,072
Miscellaneous	65	246	13,517	13,828	1,481	17	15,326
Depreciation	-	-	929	929	2,414	371	3,714
<b>Total</b>	<b>\$ 856,880</b>	<b>\$ 425,650</b>	<b>\$ 328,196</b>	<b>\$ 1,610,726</b>	<b>\$ 149,776</b>	<b>\$ 135,039</b>	<b>\$ 1,895,541</b>

See notes to financial statements

**RAMESH RICHARD EVANGELISM  
AND CHURCH HEALTH**

**Statement of Functional Expenses**

Year Ended December 31, 2017

	Program Services			Total Program Services	General and Administration	Fund-raising	Total
	Global Proclamation Commission	Proclamation Activities	Other Ministry Activities				
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
<b>Total</b>	<b>\$ 802,708</b>	<b>\$ 393,481</b>	<b>\$ 309,513</b>	<b>\$ 1,505,702</b>	<b>\$ 161,923</b>	<b>\$ 129,132</b>	<b>\$ 1,796,757</b>

See notes to financial statements



**RAMESH RICHARD EVANGELISM  
AND CHURCH HEALTH**

**Statements of Cash Flows**

	Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (133,926)	\$ 184,567
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,714	5,274
Unrealized gain	(10,290)	-
Change in operating assets and liabilities:		
Prepaid expenses and other assets	34,679	(35,205)
Accounts payable and accrued expenses	(10,759)	(6,647)
Net Cash Provided (Used) by Operating Activities	(116,582)	147,989
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(2,983,830)	-
Net Cash Used by Investing Activities	(2,983,830)	-
Net Change in Cash and Cash Equivalents	(3,100,412)	147,989
Cash and Cash Equivalents, Beginning of Year	7,005,897	6,857,908
Cash and Cash Equivalents, End of Year	\$ 3,905,485	\$ 7,005,897

See notes to financial statements

# **RAMESH RICHARD EVANGELISM AND CHURCH HEALTH**

## **Notes to Financial Statements**

December 31, 2018 and 2017

### **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, 2018 and 2017, the cash accounts maintained exceeded federally insured limits by approximately \$3,600,000 and \$6,600,000, 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.

#### **INVESTMENTS**

Investments consist of treasury bills with original maturity dates exceeding 90 days. Investments are recorded at cost plus accrued interest. Interest earned from investments are recorded in the statements of activities in the year it is earned as investment income.

# RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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.

#### 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.

# RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

## Notes to Financial Statements

December 31, 2018 and 2017

### 3. NET ASSETS WITH DONOR RESTRICTIONS:

The following table reflects with donor restriction activity by restriction type during the year ended December 31, 2018:

	December 31, 2017	Contributions	Net assets released from restriction	December 31, 2018
GProCommission	\$ 3,255,860	\$ 742,447	\$ (845,737)	\$ 3,152,570
Economic helps	42,978	43,656	(13,045)	73,589
Other projects	87,504	111,579	(199,083)	-
	<u>\$ 3,386,342</u>	<u>\$ 897,682</u>	<u>\$ (1,057,865)</u>	<u>\$ 3,226,159</u>

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

	December 31, 2016	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	(109,887)	87,504
	<u>\$ 3,273,645</u>	<u>\$ 1,004,411</u>	<u>\$ (891,714)</u>	<u>\$ 3,386,342</u>

# RAMESH RICHARD EVANGELISM AND CHURCH HEALTH

## Notes to Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017, 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,	
	2018	2017
Financial assets:		
Cash and cash equivalents	\$ 3,905,485	\$ 7,005,897
Investments	2,994,120	-
	6,899,605	7,005,897
Less those unavailable for general expenditure within one year, due to:		
Restrictions by donor with purpose restriction, not expected to be spent within one year	(2,056,159)	(2,296,342)
Designations by the board	(300,000)	(300,000)
	\$ 4,543,446	\$ 4,409,555

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, 2018 and 2017

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 5% contribution to all full-time staff. In addition, staff may elect to contribute towards their retirement with RREACH matching the first 5% of personal contributions. Total employer contributions to the plan were \$39,075 and \$17,956 for the years ended December 31, 2018 and 2017, respectively.

6. CONCENTRATION RISK:

RREACH received contributions of approximately \$736,000 from five contributors and \$995,576 from five contributors during the years ended December 31, 2018 and 2017, respectively. These gifts accounted for approximately 44% and 51% of total contributions during the years ended December 31, 2018 and 2017, 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, 2018 and 2017, the total paid to the company was \$70,000 and \$58,000, respectively.

8. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 23, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.