

Ramesh Richard Evangelism and Church Health
Dallas, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2021 and 2020



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Ramesh Richard Evangelism and Church Health
Financial Statements
December 31, 2021 and 2020

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Note Disclosures to the Financial Statements	8 - 13



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Ramesh Richard Evangelism and Church Health

Opinion

We have audited the accompanying financial statements of Ramesh Richard Evangelism and Church Health ("the Organization"), a Texas nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor's Report (continued)

Page 2

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ratliff & Associates, P.C.

March 31, 2022

Ramesh Richard Evangelism and Church Health

Statements of Financial Position

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 9,868,620	\$ 8,950,908
Prepaid expenses	887	105,888
Furniture and equipment, net	22,643	26,182
Operating lease right of use asset, net	<u>93,200</u>	<u>133,800</u>
Total Assets	<u><u>\$ 9,985,350</u></u>	<u><u>\$ 9,216,778</u></u>
Liabilities & Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 16,933	\$ 7,213
Operating lease liability	<u>93,200</u>	<u>133,800</u>
Total liabilities	110,133	141,013
Net assets		
Without donor restrictions	5,747,837	4,960,594
With donor restrictions	<u>4,127,380</u>	<u>4,115,171</u>
Total net assets	<u><u>9,875,217</u></u>	<u><u>9,075,765</u></u>
Total Liabilities & Net Assets	<u><u>\$ 9,985,350</u></u>	<u><u>\$ 9,216,778</u></u>

The accompanying note disclosures are an integral part of these financial statements.

Ramesh Richard Evangelism and Church Health

Statements of Activities

For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 1,162,153	\$ 988,455	\$ 2,150,608	\$ 1,022,759	\$ 1,194,170	\$ 2,216,929
Investment income (loss)	4,883	-	4,883	54,529	-	54,529
Subtotal	1,167,036	988,455	2,155,491	1,077,288	1,194,170	2,271,458
Net assets released from restrictions	976,246	(976,246)	-	834,654	(834,654)	-
Total revenues	2,143,282	12,209	2,155,491	1,911,942	359,516	2,271,458
Expenses						
Program services						
Global Proclamation Commission	437,535	-	437,535	610,622	-	610,622
Proclamation activities	464,054	-	464,054	358,531	-	358,531
Other ministry activities	264,167	-	264,167	403,191	-	403,191
Total program services expenses	1,165,756	-	1,165,756	1,372,344	-	1,372,344
Supporting activities						
General and administrative	115,375	-	115,375	113,962	-	113,962
Fundraising	74,908	-	74,908	103,646	-	103,646
Total supporting activities expenses	190,283	-	190,283	217,608	-	217,608
Total expenses	1,356,039	-	1,356,039	1,589,952	-	1,589,952
Change in total net assets	787,243	12,209	799,452	321,990	359,516	681,506
Net assets at beginning of year	4,960,594	4,115,171	9,075,765	4,638,604	3,755,655	8,394,259
Net assets at end of year	<u>\$ 5,747,837</u>	<u>\$ 4,127,380</u>	<u>\$ 9,875,217</u>	<u>\$ 4,960,594</u>	<u>\$ 4,115,171</u>	<u>\$ 9,075,765</u>

The accompanying note disclosures are an integral part of these financial statements.

Ramesh Richard Evangelism and Church Health

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program services				Supporting activities		Total
	Global Proclamation Commission	Proclamation activities	Other ministry activities	Total program services	General and administrative	Fundraising	2021
Salaries	\$ 128,364	\$ 262,264	\$ 31,387	\$ 422,015	\$ 10,854	\$ 14,027	\$ 446,896
Payroll taxes and benefits	7,170	18,306	74,296	99,772	12,996	10,432	123,200
Total personnel costs	135,534	280,570	105,683	521,787	23,850	24,459	570,096
Conferences	11,881	6,698	1,571	20,150	3,504	1,600	25,254
Travel	187	11,210	800	12,197	1,054	1,580	14,831
Professional fees	266,390	98,073	23,646	388,109	37,676	2,282	428,067
Printing and production	766	4,131	5,090	9,987	4,016	11,253	25,256
Facilities	-	-	32,514	32,514	4,064	4,064	40,642
Office supplies	4,255	300	9,154	13,709	4,961	5,277	23,947
Dues and subscriptions	14,216	13,105	2,293	29,614	13,065	9,238	51,917
Bank fees	-	-	-	-	11,309	-	11,309
Postage	236	233	6,862	7,331	6,206	14,382	27,919
Contributions to other ministries	4,070	-	74,657	78,727	-	-	78,727
Advertising and recruitment	-	49,685	71	49,756	14	57	49,827
Miscellaneous	-	49	1,826	1,875	5,656	716	8,247
Total expenses	\$ 437,535	\$ 464,054	\$ 264,167	\$ 1,165,756	\$ 115,375	\$ 74,908	\$ 1,356,039

The accompanying note disclosures are an integral part of these financial statements.

Ramesh Richard Evangelism and Church HealthStatement of Functional Expenses
For the Year Ended December 31, 2020

	Program services				Supporting activities		Total
	Global Proclamation Commission	Proclamation activities	Other ministry activities	Total program services	General and administrative	Fundraising	2020
Salaries	\$ 108,990	\$ 223,313	\$ 70,226	\$ 402,529	\$ 25,233	\$ 48,427	\$ 476,189
Payroll taxes and benefits	8,189	16,123	100,516	124,828	16,388	17,140	158,356
Total personnel costs	117,179	239,436	170,742	527,357	41,621	65,567	634,545
Conferences	2,348	2,282	220	4,850	1,436	727	7,013
Travel	40,729	13,823	1,225	55,777	2,299	308	58,384
Professional fees	384,522	70,599	15,367	470,488	29,807	789	501,084
Printing and production	147	1,370	4,137	5,654	3,607	9,101	18,362
Facilities	-	-	35,326	35,326	4,416	4,416	44,158
Office supplies	7,037	3,576	8,395	19,008	4,309	5,648	28,965
Dues and subscriptions	15,462	8,845	1,687	25,994	9,077	8,284	43,355
Bank fees	-	-	-	-	10,544	-	10,544
Postage	706	285	4,315	5,306	4,427	8,518	18,251
Contributions to other ministries	42,492	6,788	161,020	210,300	-	-	210,300
Advertising and recruitment	-	11,527	-	11,527	-	-	11,527
Miscellaneous	-	-	757	757	2,419	288	3,464
Total expenses	<u>\$ 610,622</u>	<u>\$ 358,531</u>	<u>\$ 403,191</u>	<u>\$ 1,372,344</u>	<u>\$ 113,962</u>	<u>\$ 103,646</u>	<u>\$ 1,589,952</u>

The accompanying note disclosures are an integral part of these financial statements.

Ramesh Richard Evangelism and Church Health

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 799,452	\$ 681,506
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,404	3,129
Change in prepaid expenses	105,001	(69,405)
Change in accounts payable and accrued expenses	9,720	(20,266)
Net cash provided (used) by operating activities	<u>921,577</u>	<u>594,964</u>
Cash flows from investing activities		
Sales (purchases) of furniture and equipment	(3,865)	(23,235)
Sales (purchases) of investments	-	4,546,588
Net cash provided (used) by investing activities	<u>(3,865)</u>	<u>4,523,353</u>
Net increase (decrease) in cash and cash equivalents	917,712	5,118,317
Cash and cash equivalents at beginning of year	<u>8,950,908</u>	<u>3,832,591</u>
Cash and cash equivalents at end of year	<u><u>\$ 9,868,620</u></u>	<u><u>\$ 8,950,908</u></u>

The accompanying note disclosures are an integral part of these financial statements.

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2021 and 2020

Note 1, Nature of the 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.

Note 2, Summary of Significant Accounting Policies

The following is a summary of RREACH’s significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of RREACH have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Revenue recognition: Revenues of RREACH are primarily derived from contributions from RREACH’s members and supporters. A portion of RREACH’s revenues is tied to the local economy. All contributions are considered available for RREACH’s general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purposes are reported as increases in net asset with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

Programs: RREACH pursues its mission through the execution of the following major programs that are also the reported functional expenses of RREACH:

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

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2021 and 2020

Note 2, Summary of Significant Accounting Policies (continued)

Programs (continued):

- Proclamation activities: As a global proclamation ministry, RREACH proclaims the gospel message through evangelistic events, pastors' conferences, teaching platforms, preaching opportunities, product development and distribution, and various other media outlets.
- Other ministry activities: The ministry provides economic assistance to pastors in need due to natural disasters, counseling to pastors internationally through a regular video series, periodic support to pastor training efforts globally, and other related activities.
- General and administrative: providing administrative support to the above functional areas.
- Fundraising: encouraging additional contributions for programs and other projects.

Net assets without donor restrictions: RREACH further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to RREACH's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow RREACH to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Net assets with donor restriction: RREACH further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: RREACH reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.
- Permanently restricted: When applicable, RREACH reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting RREACH to use part or all of the income derived from the investment for general or restricted purposes.

For the years ended December 31, 2021 and 2020, there are no net assets with permanent restrictions.

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. The most significant estimates included in these financial statements and disclosures are the allocation of payroll and facility expenses. The allocation of payroll and facility expenses is based on management's estimate of staff activities and facility space and usage.

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2021 and 2020

Note 2, Summary of Significant Accounting Policies (continued)

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories. Management activities, except for direct conduct or supervision of programs, are allocated to support services on the statement of activities.

Donated assets and services: Donated equipment and supplies that are material are recorded as revenue and to the appropriate asset or expense account at fair market value on the date of receipt. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributed services that do not meet these criteria are not recognized as revenue.

Volunteers who have donated their time to the RREACH's programs are not reflected in the financial statements since these services do not meet the criteria for recognition.

Cash and cash equivalents: For purposes of the statement of cash flows, RREACH considers all short-term investments with an original maturity of three months or less, including cash held in investment brokerage accounts, to be cash and cash equivalents.

Financial instruments that potentially subject RREACH to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Investments: Investments are measured at fair value based upon the exit price model, which is the price that would be received to sell the investment. Investment expenses are reported net of investment returns and are not included on the statement of functional expenses.

Income tax status: RREACH is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. For the years ended December 31, 2021 and 2020, RREACH has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. RREACH believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Tax returns of RREACH are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Going concern considerations: RREACH analyzes the effect that current and future events, both internal and external, may have on operations so that RREACH may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of RREACH for at least one year from the date of the report on page two. See the Liquidity disclosure for cash management strategies.

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2021 and 2020

Note 3, Net Assets

The following table reflects donor restriction activity during the year ended December 31, 2021:

	December 31, 2020	Contributions	Net assets released from restriction	December 31, 2021
GProCommission	\$ 4,048,789	\$ 65,315	\$ (437,535)	\$ 3,676,569
Economic helps	66,382	80,435	(75,577)	71,240
Other projects	-	842,705	(463,134)	379,571
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 4,115,171</u>	<u>\$ 988,455</u>	<u>\$ (976,246)</u>	<u>\$ 4,127,380</u>

The following table reflects donor restriction activity during the year ended December 31, 2020:

	December 31, 2019	Contributions	Net assets released from restriction	December 31, 2020
GProCommission	\$ 3,675,219	\$ 984,192	\$ (610,622)	\$ 4,048,789
Economic helps	80,436	144,930	(158,984)	66,382
Other projects	-	65,048	(65,048)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 3,755,655</u>	<u>\$ 1,194,170</u>	<u>\$ (834,654)</u>	<u>\$ 4,115,171</u>

Note 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 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 \$33,415 and \$41,500 for the years ended December 31, 2021 and 2020, respectively.

Note 5, Concentration of Contributions

RREACH received contributions from five contributors of \$1,110,100 and \$1,267,650 during the years ended December 31, 2021 and 2020, respectively. These gifts accounted for approximately 51% and 57% of total contributions during the years ended December 31, 2021 and 2020, respectively.

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2021 and 2020

Note 6, Liquidity and Availability of Financial Assets

The following table reflects the RREACH's financial assets 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 due to donor restrictions and accumulated earnings net of appropriations within one year, contractual obligations, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated. These internal board designations could be drawn upon if the board approves that action.

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 9,868,620	\$ 8,950,908
Investments	-	-
	<u>9,868,620</u>	<u>8,950,908</u>
Less those unavailable for general expenditure within one year:		
Restrictions by donor with purpose restrictions, not expected to be spent within one year	(2,576,570)	(3,293,754)
Designations by the board	<u>(300,000)</u>	<u>(300,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 6,992,050</u>	<u>\$ 5,357,154</u>

Note 7, Related Party Transactions

RREACH utilizes the services of a company owned by a family member of the president for professional management and event services. For the years ended December 31, 2021 and 2020, the total paid to the company was \$56,000 and \$68,000, respectively.

Note 8, Subsequent Events

RREACH has evaluated subsequent events through the date of the Independent Auditor's Report on page two, which is the date the statements were available to be issued. In addition, see the accounting policies in the Liquidity note disclosure and in Note 2 for going concern considerations.

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2021 and 2020

Note 9, Leases

RREACH is under a non-cancelable operating lease for office space that expire in 2024. The accounting standard ASC 2016-02, Leases (Topic 842) requires RREACH (the lessee) to recognize an operating lease on the statement of financial position as lease right-of-use ("ROU") asset and a corresponding lease liability. Periodic operating lease costs are allocated with expenses on the statements of activities and functional expenses.

The ROU asset is measured based upon the minimum future payments remaining on the lease, which totaled approximately \$93,200 and \$133,800, respectively, at December 31, 2021 and 2020. The operating lease liability is carried at the same value as the ROU asset, and each subsequent year, the ROU asset and lease liability are reduced equally by the annual lease payments. A discount rate was not used since it was determined not to materially impact these calculations. For each of the years ended December 31, 2021 and 2020, operating lease expense was approximately \$40,000, respectively.

The maturity analysis of undiscounted cash flows for the operating lease liability is as follows:

2022	42,800
2023	43,200
2024	<u>7,200</u>
Total	<u>\$ 93,200</u>
Current portion of the operating lease liability	\$ 42,800
Noncurrent portion of the operating lease liability	<u>50,400</u>
Total	<u>\$ 93,200</u>