

Ramesh Richard Evangelism and Church Health
Dallas, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2022 and 2021



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Ramesh Richard Evangelism and Church Health
Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021, 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

Independent Auditor's Report (continued)

Page 2

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.

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, 2023

Ramesh Richard Evangelism and Church Health

Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 9,453,905	\$ 9,868,620
Prepaid expenses	96,833	887
Furniture and equipment, net	14,835	22,643
Operating lease right of use asset, net	50,400	93,200
Total Assets	\$ 9,615,973	\$ 9,985,350
Liabilities & Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 31,761	\$ 16,933
Operating lease liability	50,400	93,200
Total liabilities	82,161	110,133
Net assets		
Without donor restrictions	6,262,782	5,747,837
With donor restrictions	3,271,030	4,127,380
Total net assets	9,533,812	9,875,217
Total Liabilities & Net Assets	\$ 9,615,973	\$ 9,985,350

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, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 1,180,866	\$ 161,491	\$ 1,342,357	\$ 1,162,153	\$ 988,455	\$ 2,150,608
Investment income (loss)	104,181	-	104,181	4,883	-	4,883
Subtotal	1,285,047	161,491	1,446,538	1,167,036	988,455	2,155,491
Net assets released from restrictions	1,017,841	(1,017,841)	-	976,246	(976,246)	-
Total revenues	2,302,888	(856,350)	1,446,538	2,143,282	12,209	2,155,491
Expenses						
Program services						
Global Proclamation Commission	537,082	-	537,082	437,535	-	437,535
Proclamation activities	749,502	-	749,502	464,054	-	464,054
Other ministry activities	290,008	-	290,008	264,167	-	264,167
Total program services expenses	1,576,592	-	1,576,592	1,165,756	-	1,165,756
Supporting activities						
General and administrative	118,541	-	118,541	115,375	-	115,375
Fundraising	92,810	-	92,810	74,908	-	74,908
Total supporting activities expenses	211,351	-	211,351	190,283	-	190,283
Total expenses	1,787,943	-	1,787,943	1,356,039	-	1,356,039
Change in total net assets	514,945	(856,350)	(341,405)	787,243	12,209	799,452
Net assets at beginning of year	5,747,837	4,127,380	9,875,217	4,960,594	4,115,171	9,075,765
Net assets at end of year	<u>\$ 6,262,782</u>	<u>\$ 3,271,030</u>	<u>\$ 9,533,812</u>	<u>\$ 5,747,837</u>	<u>\$ 4,127,380</u>	<u>\$ 9,875,217</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, 2022

	Program services			Supporting activities		Total	
	Global Proclamation Commission	Proclamation activities	Other ministry activities	Total program services	General and administrative	Fundraising	2022
Salaries	\$ 104,625	\$ 240,041	\$ 31,755	\$ 376,421	\$ 11,819	\$ 16,778	\$ 405,018
Payroll taxes and benefits	6,569	16,966	76,288	99,823	13,740	11,082	124,645
Total personnel costs	111,194	257,007	108,043	476,244	25,559	27,860	529,663
Conferences	27,342	101	9,137	36,580	3,693	8,396	48,669
Travel	23,189	28,128	471	51,788	1,943	1,479	55,210
Professional fees	315,470	105,836	33,117	454,423	42,876	4,486	501,785
Printing and production	6,720	1,476	4,062	12,258	3,249	8,935	24,442
Facilities	-	-	34,440	34,440	4,305	4,305	43,050
Office supplies	4,013	18	11,123	15,154	5,787	9,636	30,577
Dues and subscriptions	16,127	17,075	1,738	34,940	9,581	9,018	53,539
Bank fees	-	-	-	-	6,550	-	6,550
Postage	-	53	8,607	8,660	7,907	17,914	34,481
Contributions to other ministries	33,027	-	77,318	110,345	-	-	110,345
Advertising and recruitment	-	339,808	-	339,808	-	-	339,808
Miscellaneous	-	-	1,952	1,952	7,091	781	9,824
Total expenses	<u>\$ 537,082</u>	<u>\$ 749,502</u>	<u>\$ 290,008</u>	<u>\$ 1,576,592</u>	<u>\$ 118,541</u>	<u>\$ 92,810</u>	<u>\$ 1,787,943</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	<u>135,534</u>	<u>280,570</u>	<u>105,683</u>	<u>521,787</u>	<u>23,850</u>	<u>24,459</u>	<u>570,096</u>
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	<u>\$ 437,535</u>	<u>\$ 464,054</u>	<u>\$ 264,167</u>	<u>\$ 1,165,756</u>	<u>\$ 115,375</u>	<u>\$ 74,908</u>	<u>\$ 1,356,039</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, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (341,405)	\$ 799,452
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,808	7,404
Change in prepaid expenses	(95,946)	105,001
Change in accounts payable and accrued expenses	14,828	9,720
Net cash provided (used) by operating activities	(414,715)	921,577
Cash flows from investing activities		
Sales (purchases) of furniture and equipment	-	(3,865)
Sales (purchases) of investments	-	-
Net cash provided (used) by investing activities	-	(3,865)
Net increase (decrease) in cash and cash equivalents	(414,715)	917,712
Cash and cash equivalents at beginning of year	9,868,620	8,950,908
Cash and cash equivalents at end of year	\$ 9,453,905	\$ 9,868,620

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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021

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, 2022 and 2021, 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, 2022 and 2021

Note 3, Net Assets

The following table reflects donor restriction activity during the year ended December 31, 2022:

	December 31, 2021	Contributions	Net assets released from restriction	December 31, 2022
GProCommission	\$ 3,676,569	\$ 27,325	\$ (537,082)	\$ 3,166,812
Economic helps	71,240	110,296	(77,318)	104,218
Other projects	379,571	23,870	(403,441)	-
Total	\$ 4,127,380	\$ 161,491	\$ (1,017,841)	\$ 3,271,030

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
Total	\$ 4,115,171	\$ 988,455	\$ (976,246)	\$ 4,127,380

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 \$32,550 and \$33,415 for the years ended December 31, 2022 and 2021, respectively.

Note 5, Concentration of Contributions

RREACH received contributions from five contributors of \$584,000 and \$1,110,100 during the years ended December 31, 2022 and 2021, respectively. These gifts accounted for approximately 44% and 51% of total contributions during the years ended December 31, 2022 and 2021, respectively.

Ramesh Richard Evangelism and Church Health
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

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,	
	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 9,453,905	\$ 9,868,620
	9,453,905	9,868,620
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)
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>\$ 9,153,905</u>	<u>\$ 6,992,050</u>

Note 7, Related Party Transactions

RREACH utilizes the services of two different companies owned by family members of the president for professional management and event services. For the years ended December 31, 2022 and 2021, the total paid to these companies was \$69,100 and \$56,000, 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, 2022 and 2021

Note 9, Leases

RREACH is under a non-cancelable operating lease for office space that expires in 2024. RREACH (the lessee) recognizes 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 \$50,400 and \$93,200, respectively, at December 31, 2022 and 2021. 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, 2022 and 2021, operating lease expense was approximately \$43,000 and \$40,000, respectively.

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

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