

Ramesh Richard Evangelism and Church Health
Dallas, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2019 and 2018

Ramesh Richard Evangelism and Church Health
Financial Statements
December 31, 2019 and 2018

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



Independent Auditor's Report

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

We have audited the accompanying financial statements of Ramesh Richard Evangelism and Church Health (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

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

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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Ramesh Richard Evangelism and Church Health as of December 31, 2018, were audited by other auditors whose report dated July 23, 2019, expressed an unmodified opinion on those statements.

Ratcliff & Associates, P.C.

March 19, 2020

Ramesh Richard Evangelism and Church Health

Statements of Financial Position

December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 3,832,591	\$ 3,905,485
Investments	4,546,588	2,994,120
Prepaid expenses and other assets	42,559	5,734
Total Assets	\$ 8,421,738	\$ 6,905,339
Liabilities & Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 27,479	\$ 8,305
Net assets		
Without donor restrictions	4,638,604	3,670,875
With donor restrictions	3,755,655	3,226,159
Total net assets	8,394,259	6,897,034
Total Liabilities & Net Assets	\$ 8,421,738	\$ 6,905,339

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, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Contributions	\$ 1,864,436	\$ 1,474,022	\$ 3,338,458	\$ 766,898	\$ 897,682	\$ 1,664,580
Investment income (loss)	155,108	-	155,108	97,035	-	97,035
Subtotal	2,019,544	1,474,022	3,493,566	863,933	897,682	1,761,615
Net assets released from restrictions	944,526	(944,526)	-	1,057,865	(1,057,865)	-
Total revenues	2,964,070	529,496	3,493,566	1,921,798	(160,183)	1,761,615
Expenses						
Program services						
Global Proclamation Commission	837,212	-	837,212	856,880	-	856,880
Proclamation activities	439,963	-	439,963	425,650	-	425,650
Other ministry activities	361,835	-	361,835	328,196	-	328,196
Total program services expenses	1,639,010	-	1,639,010	1,610,726	-	1,610,726
Supporting activities						
General and administrative	178,724	-	178,724	149,776	-	149,776
Fundraising	178,607	-	178,607	135,039	-	135,039
Total supporting activities expenses	357,331	-	357,331	284,815	-	284,815
Total expenses	1,996,341	-	1,996,341	1,895,541	-	1,895,541
Change in total net assets	967,729	529,496	1,497,225	26,257	(160,183)	(133,926)
Net assets at beginning of year	3,670,875	3,226,159	6,897,034	3,644,618	3,386,342	7,030,960
Net assets at end of year	\$ 4,638,604	\$ 3,755,655	\$ 8,394,259	\$ 3,670,875	\$ 3,226,159	\$ 6,897,034

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, 2019

	Program services			Supporting activities		Total		
	Global Proclamation Commission	Proclamation activities	Other ministry activities	Total program services	General and administrative	Fundraising	2019	2018
Salaries	\$ 113,352	\$ 283,427	\$ 119,253	\$ 516,032	\$ 61,507	\$ 77,199	\$ 654,738	\$ 614,842
Payroll taxes and benefits	5,730	20,670	126,839	153,239	22,009	23,798	199,046	180,851
Total personnel costs	<u>119,082</u>	<u>304,097</u>	<u>246,092</u>	<u>669,271</u>	<u>83,516</u>	<u>100,997</u>	<u>853,784</u>	<u>795,693</u>
Conferences	74,896	29,343	29,239	133,478	12,392	25,707	171,577	109,668
Travel	102,345	46,320	4,388	153,053	10,411	7,933	171,397	164,135
Professional fees	338,204	39,647	14,635	392,486	19,683	1,887	414,056	387,539
Printing and production	1,708	2,572	9,550	13,830	5,074	13,234	32,138	33,394
Facilities	-	-	36,934	36,934	4,617	4,616	46,167	41,783
Office supplies	21,995	487	8,233	30,715	4,386	5,806	40,907	50,405
Dues and subscriptions	20,374	-	3,348	23,722	12,389	5,858	41,969	40,134
Bank fees	-	-	-	-	12,651	-	12,651	6,311
Postage	685	15	6,662	7,362	5,660	12,227	25,249	25,703
Contributions to other ministries	156,085	10,537	614	167,236	-	-	167,236	209,664
Advertising and recruitment	111	6,245	-	6,356	-	-	6,356	12,072
Miscellaneous	<u>1,727</u>	<u>700</u>	<u>2,140</u>	<u>4,567</u>	<u>7,945</u>	<u>342</u>	<u>12,854</u>	<u>19,040</u>
Total expenses	<u>\$ 837,212</u>	<u>\$ 439,963</u>	<u>\$ 361,835</u>	<u>\$ 1,639,010</u>	<u>\$ 178,724</u>	<u>\$ 178,607</u>	<u>\$ 1,996,341</u>	<u>\$ 1,895,541</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, 2018

	Program services			Supporting activities		Total	
	Global Proclamation Commission	Proclamation activities	Other ministry activities	Total program services	General and administrative	Fundraising	2018
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	<u>160,466</u>	<u>293,401</u>	<u>197,512</u>	<u>651,379</u>	<u>66,391</u>	<u>77,923</u>	<u>795,693</u>
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	<u>65</u>	<u>246</u>	<u>14,446</u>	<u>14,757</u>	<u>3,895</u>	<u>388</u>	<u>19,040</u>
Total expenses	<u>\$ 856,880</u>	<u>\$ 425,650</u>	<u>\$ 328,196</u>	<u>\$ 1,610,726</u>	<u>\$ 149,776</u>	<u>\$ 135,039</u>	<u>\$ 1,895,541</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, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 1,497,225	\$ (133,926)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized gain	(151,248)	(10,290)
Change in prepaid and other assets	(36,825)	38,393
Change in accounts payable and accrued expenses	19,174	(10,759)
Net cash provided (used) by operating activities	1,328,326	(116,582)
Cash flows from investing activities		
Purchases of investments	(1,401,220)	(2,983,830)
Net cash provided (used) by investing activities	(1,401,220)	(2,983,830)
Net increase (decrease) in cash and cash equivalents	(72,894)	(3,100,412)
Cash and cash equivalents at beginning of year	3,905,485	7,005,897
Cash and cash equivalents at end of year	\$ 3,832,591	\$ 3,905,485

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, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018

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: All 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.

For the years ended December 31, 2019 and 2018, investments consist of treasury bills with original maturity dates exceeding 90 days. Investments are all level 1 inputs, which are based upon quoted priced in active markets for identical financial instruments. 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.

Fair value measurement: Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

Note 2, Summary of Significant Accounting Policies (continued)

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, 2019 and 2018, 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.

Note 3, Net Assets

The following table reflects with donor restriction activity by restriction type during the year ended December 31, 2019:

	December 31, 2018	Contributions	Net assets released from restriction	December 31, 2019
GproCommission	\$ 3,152,570	\$ 1,377,724	\$ (855,075)	\$ 3,675,219
Economic helps	73,589	7,872	(1,025)	80,436
Other projects	-	88,426	(88,426)	-
Total	\$ 3,226,159	\$ 1,474,022	\$ (944,526)	\$ 3,755,655

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)	-
Total	\$ 3,386,342	\$ 897,682	\$ (1,057,865)	\$ 3,226,159

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

Note 4, Liquidity and Availability of Financial Assets

The following table reflects the RREACH's financial assets as of December 31, 2019 and 2018, 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,	
	2019	2,018
Financial assets:		
Cash and cash equivalents	\$ 3,832,591	\$ 3,905,485
Investments	4,546,588	2,994,120
	8,379,179	6,899,605
Less those unavailable for general expenditure within one year:		
Restrictions by donor with purpose restrictions, not expected to be spent within one year	(1,975,219)	(2,056,159)
Designations by the board	(300,000)	(300,000)
Financial assets available to meet cash needs for general expenditure within one year	\$ 6,103,960	\$ 4,543,446

Note 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 \$45,800 and \$39,075 for the years ended December 31, 2019 and 2018, respectively.

Note 6, Concentration of Contributions

RREACH received contributions of \$2,212,264 from five contributors and \$736,100 from five contributors during the years ended December 31, 2019 and 2018, respectively. These gifts accounted for approximately 66% and 44% of total contributions during the years ended December 31, 2019 and 2018, respectively.

Ramesh Richard Evangelism and Church Health

Note Disclosures to the Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, the total paid to the company was \$76,000 and \$70,000, respectively.

Note 8, Commitments and Obligations

RREACH maintains a memorandum of understanding with two institutions of higher education for the purpose of establishing and maintaining academic chairs in pastoral training. A financial component is included in the memorandum for providing financial support to help fund the academic chairs. The estimated future commitment is approximately \$24,000. RREACH seeks to fulfill this parameter of the memorandums though ongoing support is conditional upon the institutions and the occupants of the chairs in maintaining agreed upon prerequisites, standards, and conditions.

Note 9, Operating Lease

RREACH leases office space under an agreement that expire through year 2024. Rental expenses totaled approximately \$40,000, respectively, for each of the years ended December 31, 2019 and 2018. Approximate future minimum lease payments are as follows:

2020	\$	40,600
2021		40,600
2022		42,800
2023		43,200
2024		7,200
	\$	174,400

Note 10, Subsequent Events

RREACH has evaluated subsequent events through the date of the Independent Auditor's Report on page one, which is the date the statements were available to be issued.

Subsequent to December 31, as a result of the coronavirus pandemic, the Organization is analyzing the effects that this world matter may have on future mission trips and fundraising events. As of the date of this report, the financial impact is unknown and no significant changes have been made by the board or management. However, if conditions remain unchanged, the Organization is anticipating the need to reschedule certain activities.