

RELIGIOUS FREEDOM COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2019

RELIGIOUS FREEDOM COALITION

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GB Company LLC - VA

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Religious Freedom Coalition
Fredericksburg, Virginia

We have audited the accompanying financial statements of Religious Freedom Coalition (a 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.

Auditors' 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 auditors' 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 Religious Freedom Coalition 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.

GB Company LLC - VA

Alexandria, Virginia
May 29, 2020

RELIGIOUS FREEDOM COALITION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

Assets

Current assets	
Cash and cash equivalents	\$ 274,380
Investments	250,767
Accounts receivable	4,504
Prepaid expenses	<u>5,367</u>
Total current assets	535,018
Property and equipment	
Furniture and fixtures	12,624
Computer equipment	<u>16,888</u>
	29,512
Less accumulated depreciation	<u>(21,134)</u>
Total property and equipment	8,378
Security deposit	<u>1,313</u>
Total assets	<u><u>\$ 544,709</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 12,968
Notes payable - bank	<u>41,630</u>
Total liabilities	54,598
Net assets	
Without donor restrictions	<u>490,111</u>
Total net assets	<u>490,111</u>
Total liabilities and net assets	<u><u>\$ 544,709</u></u>

The accompanying notes are an integral part of these financial statements.

RELIGIOUS FREEDOM COALITION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

Revenue

Contributions	\$ 1,418,271
List rental	20,570
Investment return, net (note 7)	<u>35,985</u>
Total revenue	<u>1,474,826</u>

Expenses

Program services	<u>1,031,626</u>
Supporting services	
General and administrative	175,569
Fundraising	<u>139,971</u>
Total supporting services	<u>315,540</u>
Total expenses	<u>1,347,166</u>
Change in net assets	127,660
Net assets, beginning of year	<u>362,451</u>
Net assets, end of year	<u><u>\$ 490,111</u></u>

The accompanying notes are an integral part of these financial statements.

RELIGIOUS FREEDOM COALITION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities	
Change in net assets	\$ 127,660
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	2,341
Net (appreciation) in fair value of investments	(29,694)
Changes in operating assets and liabilities:	
Accounts receivable	2,922
Prepaid expenses	(644)
Accounts payable	<u>(12,650)</u>
Net cash provided by (used in) operating activities	<u>89,935</u>
Cash flows from investing activities	
Purchase of investments	(190,608)
Proceeds from sale of investments	<u>168,337</u>
Net cash provided by (used in) investing activities	<u>(22,271)</u>
Cash flows from financing activities	
Proceeds from loan	50,000
Principal payments on loan	<u>(8,370)</u>
Net cash provided by (used in) financing activities	<u>41,630</u>
Net increase (decrease) in cash and cash equivalents	109,294
Cash and cash equivalents, beginning of year	<u>165,086</u>
Cash and cash equivalents, end of year	<u><u>\$ 274,380</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 2,041</u></u>

The accompanying notes are an integral part of these financial statements.

RELIGIOUS FREEDOM COALITION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Contributions	\$ 432,649	\$ -	\$ -	\$ 432,649
Salaries	164,360	81,164	28,050	273,574
Postage and shipping	148,107	16,248	47,236	211,591
Printing and publications	155,003	3,029	52,029	210,061
Travel	41,859	745	-	42,604
Occupancy	16,876	7,720	2,557	27,153
Professional fees	-	21,316	-	21,316
Payroll taxes	12,557	6,278	2,093	20,928
Employee benefits	10,842	5,271	1,714	17,827
Website and IT services	10,731	1,539	1,341	13,611
State registrations	-	10,105	-	10,105
Office supplies	6,494	2,361	984	9,839
Bank and merchant fees	-	9,594	-	9,594
Communication	4,453	1,619	674	6,746
Dues	5,318	665	665	6,648
Repairs and maintenance	3,981	1,448	603	6,032
List rental	4,865	-	1,141	6,006
Auto expenses	4,456	1,189	297	5,942
Meals	1,765	1,765	-	3,530
Conference and conventions	3,500	-	-	3,500
Depreciation	1,545	562	234	2,341
Interest	-	2,041	-	2,041
Other expenses	1,165	510	187	1,862
Insurance	1,100	400	166	1,666
	<u>\$ 1,031,626</u>	<u>\$ 175,569</u>	<u>\$ 139,971</u>	<u>\$ 1,347,166</u>

The accompanying notes are an integral part of these financial statements.

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 DESCRIPTION OF THE ORGANIZATION AND ITS ACTIVITIES

Religious Freedom Coalition (the Organization) is a nonprofit organization that assists persecuted Christians in various areas of the world. The Organization has been in operation since 1982 and is headquartered in Washington D.C.

Below is a summary of the principal programs administered by the Organization:

Christmas for Refugees: The program provides Christmas celebrations for the children of Christian families who have been driven from their homes in several nations in the Middle East and Nigeria. Children enjoy singing, dancing, coloring contests, a warm meal, and a gift that they can use during the cold weather, such as a hoodie or a blanket. In 2019 programs were held for more than 20,000 children in Syria, Iraq, Jordan, Lebanon, and Nigeria.

Diapers for Refugees: Through this program, millions of diapers are distributed to displaced and persecuted Christian refugee families for their babies and toddlers each year. Disposable diapers are now delivered to families living in homes looted by the Islamic State. Adult diapers are supplied to special needs adult refugees and IDP's in Jordan, Iraq and disabled Christians in Palestinian Authority controlled areas including Bethlehem.

Nigeria Outreach: Support of an orphanage in Plateau State, Nigeria that houses Christian children whose families have been murdered by Islamic terrorist groups. Assistance has included a new water system with new wells and water tower, and modern sanitary facilities. A farm was established at the orphanage in 2019 to help feed the children and teach them self-sufficiency. The farm became a continuing annual program.

General Christian refugee aid: IDP camps in northern Iraq have been supplied with diesel fuel and water. In Jordan, a summer camp for Christian children has been supported for many years. The water system has been replaced, mattresses replaced, roofs replaced, a state-of-the-art water system installed, and new security systems and kitchen equipment furnished.

Capitol Hill Activities: The Religious Freedom Coalition participates in various programs with the International Religious Freedom Roundtable including weekly meetings with Ambassador-at-large for International Religious Freedom Sam Brownback. A post card program to President Trump highlighting the persecution of Christians in Nigeria is ongoing. In 2019 the Religious Freedom Coalition worked with the United States Commission on International Religious Freedom (USCIRF) and the State Department's Trafficking in Persons program (TIP). Meetings were held with numerous congressmen and Senators as well.

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits.

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are met.

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near-term and that such changes could be material.

Fair value measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted or published prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted or published prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

Property and equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The useful lives range from three to seven years. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$2,500 and expense normal repairs and maintenance as incurred.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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 restrictions.

Functional expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to their applicable functional category. Expenses attributable to more than one program or supporting function are allocated in reasonable ratios determined by management.

Income tax status

The Organization is exempt from income tax under Internal Revenue Code section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 3 ALLOCATION OF JOINT COSTS

During 2019, as part of its public awareness activities, the Organization has incurred joint costs of \$405,448 for informational activities that included a fundraising appeal. These costs have been allocated as following: \$300,202 to program services, \$6,678 to general and administrative and \$98,568 to fundraising.

NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash and cash equivalents	\$ 274,380
Investments	250,767
Accounts receivable	<u>4,504</u>
Total financial assets	\$ <u><u>529,651</u></u>

As part of the Organization's liquidity management plan, the Organization continuously monitors cash to ensure resources are available for general expenditures, liabilities, and other obligations as they come due.

NOTE 5 OPERATING LEASE

The Organization renewed the lease agreement for its office space. The lease expires on June 30, 2020. Rent expense under this lease agreement for the year ended December 31, 2019 was \$22,603. The future minimum lease payments through June 2020 total \$12,464.

NOTE 6 NOTE PAYABLE

In October 2019, the Organization entered into a loan agreement with American Express National Bank for \$50,000 which matures on October 27, 2020 and calls for monthly payments of \$4,372. The interest rate on the loan is amortized over a one-year period at an interest rate of 8.88%. The outstanding balance at December 31, 2019 was \$41,630. During the year ended December 31, 2019, interest paid was \$2,041.

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 INVESTMENTS

The following table presents the Organization's fair value hierarchy for investments as of December 31, 2019:

	Fair Value	Level 1	
Equity securities	\$ 250,767	\$ 250,767	
Total	\$ 250,767	\$ 250,767	

Investment income (losses) from these investments consists of the following as of December 31, 2019:

Interest and dividends	\$	5,712
Realized gains (losses)		10,950
Unrealized gains (losses)		22,854
Investment fees		(3,531)
Total	\$	35,985

NOTE 8 SUBSEQUENT EVENTS

The Organization expects the economic uncertainties resulting from the Coronavirus (COVID-19) pandemic to negatively impact its operating results. Programs in the Middle East and Nigeria may be affected by reduced revenue as well as by lockdowns, closures of banks, businesses, and airports. However, the related financial impact and duration cannot be reasonably estimated at this time.

Management has evaluated subsequent events through May 29, 2020, which is the date the financial statements were available to be issued. Except as noted above, the Organization is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements.