

**RELIGIOUS FREEDOM COALITION**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITOR'S REPORT**  
**DECEMBER 31, 2021**

# RELIGIOUS FREEDOM COALITION

## Table of Contents

Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-12

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
of Religious Freedom Coalition

**Opinion**

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, 2021, and the related statements of activities and cash flows for the year 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 Religious Freedom Coalition as of December 31, 2021, 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.

**Basis for Opinion**

We conducted our audit 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 Religious Freedom Coalition and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Religious Freedom Coalition'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 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.

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 Religious Freedom Coalition'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 Religious Freedom Coalition'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.

*GB Company LLC - VA*

Alexandria, Virginia  
March 23, 2022

**RELIGIOUS FREEDOM COALITION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

**Assets**

Current assets	
Cash and cash equivalents	\$ 472,128
Investments	353,527
Accounts receivable	1,714
Prepaid expenses	<u>3,933</u>
Total current assets	831,302
Property and equipment	
Furniture and fixtures	12,624
Equipment	<u>27,965</u>
	40,589
Less accumulated depreciation	<u>(28,038)</u>
Total property and equipment	12,551
Security deposit	<u>1,313</u>
Total assets	<u><u>\$ 845,166</u></u>

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	<u>\$ 18,994</u>
Total liabilities	18,994
Net assets	
Without donor restrictions	<u>826,172</u>
Total net assets	<u>826,172</u>
Total liabilities and net assets	<u><u>\$ 845,166</u></u>

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

**RELIGIOUS FREEDOM COALITION**  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

**Revenue**

Contributions	\$ 1,626,068
Paycheck Protection Program grant	63,023
List rental	12,197
Investment return, net - Note 7	<u>3,056</u>
Total revenue	<u>1,704,344</u>

**Expenses**

Program services	<u>1,293,875</u>
Supporting services	
General and administrative	190,962
Fundraising	<u>121,734</u>
Total supporting services	<u>312,696</u>
Total expenses	<u>1,606,571</u>
<b>Change in net assets</b>	97,773
<b>Net assets, beginning of year</b>	<u>728,399</u>
<b>Net assets, end of year</b>	<u><u>\$ 826,172</u></u>

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

**RELIGIOUS FREEDOM COALITION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 97,773
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	4,014
Net (appreciation) in fair value of investments	1,730
Changes in operating assets and liabilities:	
Accounts receivable	3,423
Prepaid expenses	391
Accounts payable	<u>11,765</u>
Net cash provided by (used in) operating activities	<u>119,096</u>
<b>Cash flows from investing activities</b>	
Purchase of equipment	(3,667)
Purchase of investments	(208,913)
Proceeds from sale of investments	<u>174,626</u>
Net cash provided by (used in) investing activities	<u>(37,954)</u>
<b>Cash flows from financing activities</b>	
Paycheck Protection Program grant	(71,200)
Net cash provided by (used in) financing activities	<u>(71,200)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	9,942
<b>Cash and cash equivalents, beginning of year</b>	<u>462,186</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 472,128</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	\$ 233

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

**RELIGIOUS FREEDOM COALITION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Contributions	\$ 756,796	\$ -	\$ -	\$ 756,796
Salaries	187,846	91,778	32,987	312,611
Postage and shipping	116,532	16,290	34,149	166,971
Printing and publications	122,181	1,819	38,067	162,067
Employee benefits	20,574	13,781	4,761	39,116
Occupancy	19,255	7,002	2,918	29,175
Payroll taxes	14,789	7,395	2,465	24,649
Bank and merchant fees	-	14,884	-	14,884
Professional fees	-	12,195	-	12,195
State registrations	-	9,888	-	9,888
Dues	7,653	957	957	9,567
Office supplies	5,783	2,105	907	8,795
List rental	6,916	-	1,622	8,538
Meals	4,101	4,101	-	8,202
Website and IT services	6,014	751	751	7,516
Travel	5,377	622	-	5,999
Communication	3,585	1,304	543	5,432
Conference and conventions	5,000	-	-	5,000
Depreciation	2,649	963	401	4,013
Auto expenses	2,913	835	219	3,967
Repairs and maintenance	2,525	918	352	3,795
Rentals	1,444	525	219	2,188
Storage	-	1,962	-	1,962
Insurance	1,142	415	173	1,730
Licenses	656	239	100	995
Other expenses	144	-	143	287
Interest	-	233	-	233
	<u>\$ 1,293,875</u>	<u>\$ 190,962</u>	<u>\$ 121,734</u>	<u>\$ 1,606,571</u>

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



**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**NOTE 1            DESCRIPTION OF THE ORGANIZATION AND ITS ACTIVITIES**

Religious Freedom Coalition (RFC) (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:* This 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 at these events enjoy singing, dancing, coloring contests, a warm meal, and a gift, but during 2021 the Covid-19 pandemic precautions reduced services and increased costs. In many areas children had to walk through the venue single file to pick up their meal and gifts. In 2021, programs were held in Syria, Iraq, Jordan, Lebanon, and the West Bank towns of Bethlehem and Beit Sahour as well as Nigeria.

*Diapers for Refugees:* Through this program, the Religious Freedom Coalition distributes millions of diapers to displaced and persecuted Christian refugee families each year. During the Covid-19 pandemic, distribution to families with infants was decreased. There was a markedly large increase in need for adult diapers during the pandemic, with a higher unit cost. Adult diapers were supplied to special needs adult refugees and IDP's in Jordan and Iraq.

*Palestinian Christians:* Palestinian Christians greatly suffered during the 2021 pandemic. Medical aid was administered to Muslims first and Christians last. During 2021, the RFC supplied oxygen concentrators to the ill, and food packages were distributed to the poorest Christian families, as well as those with disabled family members. Adult diapers were furnished to residents of care facilities which were unable to purchase them for their elderly in need.

*Lebanon Disaster:* A devastating explosion occurred at a port warehouse in Beirut, Lebanon causing damage and loss of lives in a predominantly Christian area. Help was given to replace dozens of broken windows at a church school. Food packages were also supplied to Christian families put out of work.

*Nigeria Outreach:* Christian orphanage supported by the RFC in Plateau State, Nigeria was burned to the ground by Sunni Muslim Fulani Herdsmen. Even the children's clothing burned. The RFC rented a temporary facility in Jos City, purchased all new beds, clothes, books and Bibles for the children. The food program continues. The farm that helped the children learn to provide for themselves was destroyed. The RFC is negotiating the purchase of a new location. In Benue State, the RFC provided hygiene packages for IDP camps full

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

of displaced Christians. Construction of a school building was completed at an IDP camp near Makurdi in Benue State. Additional aid was provided to villages that had been attacked by Sunni Muslim Fulani Herdsmen.

*General Christian refugee aid:* IDP camps in northern Iraq have been supplied with diesel fuel and water by the Religious Freedom Coalition. Also, the diaper program for adults has also been expanded into traditional Assyrian Christian areas. In Jordan, a summer camp for Christian children has been supported for nearly two decades. At an orphanage in Plateau State, Nigeria, the water system was replaced, as well as mattresses replaced, roofs replaced, a state-of-the-art water system installed, and new security systems and kitchen equipment furnished. Security was provided to stop any vandalism or theft during the 2020 lockdowns for Covid-19.

*Capitol Hill Activities:* There were continued efforts to educate members of Congress about the ongoing persecution of Christians in the Middle East and Nigeria. The Religious Freedom Coalition participated in forums and held a membership in the International Religious Freedom Roundtable. During 2021, weekly briefings were participated in, including those with the Ambassador-at-large for International Religious Freedom, Sam Brownback. The Religious Freedom Coalition was a signatory on numerous joint letters concerning the persecution of Christians in Pakistan and Vietnam, as well as letters concerning the abolition of blasphemy laws.

**NOTE 2                    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

**Basis of presentation**

The Organization reports information regarding its financial position and activities according to the absence or existence of donor-imposed restrictions. Resources are classified into two categories:

*Net Assets without restrictions* - The portion of net assets that is 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 restrictions* - The portion of net assets that is subject to stipulations imposed by donors and grantors. Some donor restrictions are

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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.

**Promises to give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Investments**

Investments in equity 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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement standard establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value. The standard requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

Level 1 – Observable inputs such as quoted or published prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted or published prices in active markets for identical assets or liabilities that are observable either directly or indirectly

Level 3 – Unobservable inputs in which there is little or no market data, requiring the reporting entity to develop its own assumptions

The Organization utilizes the best information available in measuring fair value, and financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

**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.

**Property and equipment**

The Organization capitalizes property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to seven years.

**Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

**Income tax status**

The Organization is generally exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, the Organization is subject to taxation on any net unrelated business income.

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

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

**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.

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 472,128
Investments	353,527
Accounts receivable	<u>1,714</u>
Total financial assets	\$ <u><u>827,369</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 4 ALLOCATION OF JOINT COSTS**

During 2021, as part of its public awareness activities, the Organization has incurred joint costs of \$311,867 for informational activities that included a fundraising appeal. These costs have been allocated as following: \$235,868 to program services, \$4,218 to general and administrative and \$71,781 to fundraising.

**NOTE 5 CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC).

**RELIGIOUS FREEDOM COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6 OPERATING LEASE**

The Organization has a lease agreement for its office space that expires on June 30, 2022. Rent expense under this lease agreement for the year ended December 31, 2021, was \$21,086. Annual minimum lease payments in effect at December 31, 2021, are as follows:

2022	\$	<u>12,838</u>
Total	\$	<u><u>12,838</u></u>

**NOTE 7 INVESTMENTS**

The following table presents the Organization's fair value hierarchy for investments as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>
Equity securities	\$ <u>353,527</u>	\$ <u>353,527</u>
Total	\$ <u><u>353,527</u></u>	\$ <u><u>353,527</u></u>

Investment income (losses) from these investments consists of the following as of December 31, 2021:

Interest and dividends	\$	9,280
Realized gains (losses)		34,589
Unrealized gains (losses)		(36,345)
Investment fees		<u>(4,468)</u>
Total	\$	<u><u>3,056</u></u>

**NOTE 8 SUBSEQUENT EVENTS**

The Organization expects the economic uncertainties resulting from the Coronavirus pandemic to continue impacting its operations. It is reasonably possible that the Organization is vulnerable to the risk of a decline in contributions which may impact future programs of the Organization. However, the related financial impact cannot be reasonably estimated at this time. The Organization has evaluated subsequent events through March 23, 2022, the date which 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.