

RELIGIOUS FREEDOM COALITION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2022

RELIGIOUS FREEDOM COALITION

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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, 2022, 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, 2022, 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 10, 2023

RELIGIOUS FREEDOM COALITION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

Assets

Current assets	
Cash and cash equivalents	\$ 404,349
Investments	176,460
Accounts receivable	794
Prepaid expenses	<u>2,061</u>
Total current assets	583,664
Property and equipment	
Furniture and fixtures	13,134
Equipment	<u>26,575</u>
	39,709
Less accumulated depreciation	<u>(28,012)</u>
Total property and equipment	11,697
Right-of-use lease assets	<u>36,601</u>
Total assets	<u><u>\$ 631,962</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 26,140
Current portion lease liabilities	<u>21,374</u>
Total current liabilities	47,514
Long-term portion lease liabilities	<u>11,094</u>
Total liabilities	58,608
Net assets	
Without donor restrictions	<u>573,354</u>
Total net assets	<u>573,354</u>
Total liabilities and net assets	<u><u>\$ 631,962</u></u>

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

RELIGIOUS FREEDOM COALITION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

Revenue

Contributions	\$ 1,525,709
List rental	1,718
Investment return, net - Note 5	<u>(34,024)</u>
Total revenue	<u>1,493,403</u>

Expenses

Program services	<u>1,415,852</u>
Supporting services	
General and administrative	204,218
Fundraising	<u>126,151</u>
Total supporting services	<u>330,369</u>
Total expenses	<u>1,746,221</u>

Change in net assets (252,818)

Net assets, beginning of year 826,172

Net assets, end of year \$ 573,354

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

RELIGIOUS FREEDOM COALITION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities	
Change in net assets	\$ (252,818)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	4,350
Net (appreciation) in fair value of investments	37,276
Changes in operating assets and liabilities:	
Accounts receivable	920
Prepaid expenses	3,185
Right-of-use lease assets	(36,601)
Accounts payable	7,147
Lease liabilities	<u>32,468</u>
Net cash provided by (used in) operating activities	<u>(204,073)</u>
Cash flows from investing activities	
Purchase of equipment	(3,497)
Purchase of investments	(293,435)
Proceeds from sale of investments	<u>433,226</u>
Net cash provided by (used in) investing activities	<u>136,294</u>
Net increase (decrease) in cash and cash equivalents	(67,779)
Cash and cash equivalents, beginning of year	<u>472,128</u>
Cash and cash equivalents, end of year	<u><u>\$ 404,349</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	\$ 1,090

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

RELIGIOUS FREEDOM COALITION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Contributions	\$ 804,125	\$ -	\$ -	\$ 804,125
Salaries	195,891	97,585	33,763	327,239
Printing and publications	132,863	1,544	39,153	173,560
Postage and shipping	118,528	16,130	33,798	168,456
Employee benefits	24,608	12,635	4,123	41,366
Travel	36,051	824	-	36,875
Occupancy	21,022	7,645	3,184	31,851
Payroll taxes	15,461	7,730	2,577	25,768
List rental	14,711	-	3,451	18,162
Professional fees	-	16,810	-	16,810
Bank and merchant fees	-	13,536	-	13,536
State registrations	-	10,626	-	10,626
Dues	8,097	1,012	1,012	10,121
Database	8,000	1,000	1,000	10,000
Website and IT services	6,904	921	869	8,694
Meals	4,156	4,156	-	8,312
Office supplies	5,255	1,911	796	7,962
Communication	3,509	1,276	532	5,317
Repairs and maintenance	2,990	1,087	453	4,530
Auto expenses	3,289	877	219	4,385
Depreciation	2,871	1,044	435	4,350
Storage	-	2,829	-	2,829
Conference and conventions	2,400	-	-	2,400
Licenses	1,546	562	234	2,342
Rentals	1,485	540	224	2,249
Insurance	1,213	441	184	1,838
Other expenses	877	407	144	1,428
Interest	-	1,090	-	1,090
	<u>\$ 1,415,852</u>	<u>\$ 204,218</u>	<u>\$ 126,151</u>	<u>\$ 1,746,221</u>

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

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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:

Nigeria Outreach: The principal outreach of the RFC in Nigeria is through the Heart for the Persecuted Church program. The largest project is support and direction of the Jos Christian Refuge for Children (JCR4C). JCR4C is the rebirth of the orphanage operated in Miango that was destroyed by Sunni Muslim Fulani raiders in August of 2021. From September 2021 until September 2022, the orphanage was operated out of a rental facility. In 2022, the Religious Freedom Coalition purchased land and constructed buildings inside the city of Jos at a safer location. Construction of additional buildings continues in 2023. JCR4C currently houses 140 children, most of whom lost parents to Jihad. The farm operated by the orphanage that was also destroyed in 2021 has been re-established on rented land. The RFC also supports a smaller orphanage in Nasarawa State and has provided aid to IDP camps near Makurdi in Benue State. Previously, the RFC constructed a school building at an IDP camp in Benue State.

Palestinian Christians: Palestinian Christians face discrimination in what is traditionally called the “West Bank” which includes Bethlehem, the birthplace of Jesus. During the pandemic, the RFC supplied medical aid including oxygen concentrators to Christian organizations administering aid. In 2022, the Religious Freedom Coalition continued to supply food packages to the poorest Christian families, as well as those with disabled family members. The RFC program also provides adult diapers to elderly and special needs patients in Christian care centers. Because of the lack of funds, these centers can supply food and beds only. Residents who do not have families to purchase and deliver diapers for them must sleep on the floor.

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. Post Covid-19 the program continues to return to its full potential, giving the opportunity for Christian children to celebrate the birth of the Savior. Children enjoy a multi-hour program including music, games, contests, puppet shows, a hot meal and age-appropriate gifts. Families of the children receive aid such as hygiene kits or blankets depending on the

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area. In 2022, programs were held in Syria, Iraq, Jordan, Lebanon, and the West Bank towns of Bethlehem and Beit Sahour as well as in Nigeria.

Diapers for Refugees: Through this program, the Religious Freedom Coalition distributes millions of diapers to displaced and persecuted Christian refugee families each year. Years of war in Iraq and Syria caused a lack of medical care, leading to increased need for adult diapers. The infant program has been decreased because of the increase in special needs adult diaper requests. Adult diapers are considerably more expensive than infant diapers but have a life changing effect. In many cases, without diapers, adults would have been forced to sleep on the floor. The program gives special needs adults dignity.

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.

General Christian refugee aid: The Religious Freedom Coalition monitors aid needs of Christians who face persecution. If possible, displaced Christians with special needs are given aid through native ministries associated with RFC.

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 2022, weekly briefings were participated in with other NGOs promoting religious freedom. The Religious Freedom Coalition was a signatory on numerous joint letters concerning the persecution of Christians in various nations including Pakistan and Vietnam, as well as letters demanding 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

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
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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 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.

Investments

Investments 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.

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.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

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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 a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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.

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.

Cost allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. 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.

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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:

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.

Leases

Pursuant to GAAP, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities within the Organization's accompanying statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. If the Organization's leases do not provide an implicit rate, the Organization elects the practical expedient to utilize the risk-free rate to determine the present value of lease payments. Operating lease ROU assets also include any lease payments made and exclude any lease incentives.

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New accounting pronouncement

Effective January 1, 2022, the Organization adopted the provisions and disclosure requirements described in Accounting Standards Codification Topic 842, Leases (ASC 842). ASC 842 requires the recognition of lease assets and lease liabilities by lessees for most leases unless the lease has a term of 12 months or less.

In connection with the adoption of ASC 842, the Organization elected transition-related practical expedients as accounting policies which allowed it to not reassess, as of the adoption date, (1) whether any expired or existing contracts are or contain leases, (2) the classification of any expired or existing leases and (3) if previously capitalized initial direct costs qualify for capitalization under ASC 842.

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	\$	404,349
Investments		176,460
Accounts receivable		<u>794</u>
Total financial assets	\$	<u><u>581,603</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 2022, as part of its public awareness activities, the Organization has incurred joint costs of \$332,929 for informational activities that included a fundraising appeal. These costs have been allocated as following: \$255,161 to program services, \$3,858 to general and administrative and \$73,910 to fundraising.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following table presents the Organization's fair value hierarchy for investments as of December 31, 2022:

	Fair Value	Level 1	
Equity securities	\$ 176,460	\$ 176,460	
Total	\$ 176,460	\$ 176,460	

Investment income (losses) from these investments consists of the following as of December 31, 2022:

Interest and dividends	\$	5,696
Realized gains (losses)		(46,247)
Unrealized gains (losses)		8,971
Investment fees		(2,444)
Total	\$	(34,024)

NOTE 6 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). Management represents it is not exposed to any significant credit risk on its cash balances.

NOTE 7 EFFECTS OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions for its revenue. The ability of the Organization's contributors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions.

RELIGIOUS FREEDOM COALITION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 LEASE COMMITMENTS

The Organization has a lease agreement for its office space that expires on June 30, 2024.

The following summarizes the line items in the accompanying statement of financial position which include amounts for the operating lease as of December 31, 2022:

Operating lease:

Right-of-use lease assets	\$	36,601
Current portion lease liabilities	\$	21,374
Long-term portion lease liabilities		<u>11,094</u>
Total lease liabilities	\$	<u><u>32,468</u></u>

The maturity of the lease liabilities as of December 31, 2022, was as follows:

2023	\$	21,991
2024		<u>11,158</u>
Total undiscounted cash flows		33,149
Less: present value discount		<u>(681)</u>
Total lease liabilities	\$	<u><u>32,468</u></u>

Total lease expense for the year ended December 31, 2022, was \$25,380.

NOTE 9 EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 10, 2023, the date which the financial statements were available to be issued.