

RECIPROCAL MINISTRIES INTERNATIONAL, INC.

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2014

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239-277-0829

Independent Accountant's Review Report

To the Board of Directors
Reciprocal Ministries International, Inc.

We have reviewed the accompanying statement of financial position of Reciprocal Ministries International, Inc. (a nonprofit organization) as of December 31, 2014 and the related statements of activities, cash flows and functional expenses for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

November 18, 2015

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
Statement of Financial Position
At December 31, 2014

<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$598,492
Loans to officers, current portion	<u>4,788</u>
Total Current Assets	603,280
Noncurrent Assets	
Property and equipment, net	13,557
Loans to officers, net of current portion	5,625
Security deposits	300
Restricted cash	<u>900</u>
Total Noncurrent Assets	<u>20,382</u>
Total Assets	<u>\$623,662</u> =====
<u>Liabilities and Net Assets</u>	
Current Liabilities	
Accounts payable and accrued expenses	\$ 51,283
Current portion of note	<u>-</u>
Total Current Liabilities	51,283
Long Term Debt	
Note payable, BBT, net of current portion	<u>-</u>
Total Liabilities	51,283
Net Assets	
Unrestricted	213,868
Temporarily restricted	357,611
Permanently restricted	<u>900</u>
Total Net Assets	<u>572,379</u>
Total Liabilities and Net Assets	<u>\$623,662</u>

See accompanying notes and independent accountant's review report.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
Statement of Activities
For the Year Ended December 31, 2014

Changes in Unrestricted Net Assets:

Revenues and other support:	
Contributions	\$ 783,310
Interest	<u>9</u>
Total unrestricted revenues and other support	783,319
Net assets released from satisfaction of program restrictions	<u>929,364</u>
Total unrestricted revenues and other support	1,712,683
Expenses:	
Program services	1,591,820
Management and general	116,591
Fund-raising	<u>69,252</u>
Total expenses	<u>1,777,663</u>
Decrease in Unrestricted Net Assets	(64,980)
<u>Changes in Temporarily Restricted Net Assets:</u>	
Revenues, gains and other support:	
Contributions	1,084,651
Net assets released from restrictions	<u>(929,364)</u>
Increase in Temporarily Restricted Net Assets	<u>155,287</u>
Increase in Net Assets	90,307
Net Assets at the Beginning of Period	<u>482,072</u>
Net Assets at the End of Period	<u>\$ 572,379</u>

See accompanying notes and independent accountant's review report.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash Flows from Operating Activities:

Change in net assets	\$ 90,307
Adjustments to Reconcile Change in Net Assets:	
Cash Provided by Operating Activities:	
Depreciation	4,331
Decrease in:	
Prepaid expenses	588
Accounts payable and accrued expenses	<u>(17,052)</u>
Net cash provided by operating activities	78,174

Cash Flows from Investing Activities:

Purchases of property and equipment	<u>(-)</u>
Net cash used by investment activities	<u>(-)</u>

Cash Flows from Financing Activities:

Loans to Officers	(11,250)
Repayment of Loans to Officers	837
Repayment of note payable principle	<u>(1,159)</u>
Net cash provided to financing activities	(11,572)

Net Increase in Cash and Cash Equivalents	66,602
Cash and Cash Equivalents at Beginning of Period	<u>531,890</u>
Cash and Cash Equivalents at End of the Period	<u>\$598,492</u>

See accompanying notes and independent accountant's review report.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

	<u>Total</u>	<u>Programs Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>
Direct Costs	\$1,003,751	\$1,003,751	\$	\$
Salaries-Officers	140,040	78,584	38,888	22,568
Salaries- Staff/Subs	264,540	227,379	25,560	11,601
Employee Benefits	99,145	72,528	17,689	8,928
Payroll Taxes	27,443	21,473	3,837	2,133
Fees- Services	14,703	9,381	3,470	1,852
Office Expenses	68,014	49,867	11,831	6,316
Occupancy Costs	48,225	42,212	3,920	2,093
Travel	18,909	16,867	1,205	837
Transportation	24,199	13,333	3,346	7,520
Education	18,126	15,862	1,476	788
Equip/Vehicle Costs	16,649	16,649		
Interest	426	272	101	53
Miscellaneous	21,663	17,231	2,889	1,543
Meals	7,499	3,668	1,357	2,474
Depreciation	<u>4,331</u>	<u>2,763</u>	<u>1,022</u>	<u>546</u>
Total	<u>\$1,777,663</u>	<u>\$1,591,820</u>	<u>\$116,591</u>	<u>\$69,252</u>

See accompanying notes and independent accountant's review report.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

Reciprocal Ministries International, Inc. is a non-profit corporation dedicated to spreading the Gospel of Jesus Christ through church ministry and missionary activity in the Third World. Strategically, RMI strives to link churches in the US and in Haiti. Financial and volunteer resources are provided and include ministry training, medical teams, child education sponsorships, agronomy assistance, hunger relief and child food provision, small construction projects and the construction of prefab housing.

The Organization is incorporated under the laws of the State of Florida and is exempt from income tax under Section 501 (c)(3) of the U.S. Internal Revenue Code and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the accrual basis. The significant accounting policies are summarized below:

Display of Net Assets by Class

The financial statements report amounts separately by class of net assets:

- a) Unrestricted amounts are those currently available at the discretion of the board for use in the Organization's ministries, and those resources invested in land, furniture and office equipment.
- b) Temporarily restricted amounts are those which are restricted by the donors for specific operating purposes.
- c) Permanently restricted amounts are those which can never be spent due to the donor restrictions.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or other legal restrictions.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in interest-bearing checking accounts and which are in United States accounts only accessed by the home office.

Property and Equipment

Property and equipment used in the United States operations are capitalized at cost. Property and equipment used in the field is expensed. Donated assets to be used in the ministry are recorded at their fair market value on the date of the gift. Gain or loss from retirement or disposal of assets is reflected in the statement of unrestricted revenues and expense in the period in which the transaction occurs. Property and equipment are depreciated using a straight-line method.

Revenues, Support and Expenses

Contribution income mainly from churches and individuals is recorded when cash is received or when ownership of donated assets is transferred. Expenses are recorded when incurred or when funds are ready to be transferred to the foreign field.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization allocates a predetermined percentage of certain donations received to administrative fee income and other unrestricted income accounts. This allocation is to reimburse for the overhead attributable to ministry support functions.

Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statements of activities and detailed in the statement of functional expenses. Certain costs which do not relate directly to a particular activity have been allocated among program services, management and general services, and fund-raising activities.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

No amounts have been reflected in the statements for donated services, since no objective basis is available to measure the value of such services. However, a substantial number of volunteers from US Sister Churches have donated significant amounts of their time in the Organization's program services. Donated containers of food have been recorded at fair market value and expensed when received; this amount is estimated to be an amount of \$299,376 in 2014.

Estimates

The preparation of financial statements in conformity with U.S. 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 estimated.

Concentration of Credit Risk

The Organization maintains cash balances in banks whose accounts are insured by the Federal Deposit Insurance Corporation. There were amounts on deposit with a bank that were not fully insured at December 31, 2014. Subsequently, management has taken steps so that all balances are insured.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment are as follows at December 31, 2014:

Office equipment and software	\$ 30,125
Transportation equipment	16,000
Furniture and fixtures	18,159
Less accumulated depreciation	<u>(50,727)</u>
Net property and equipment	<u>\$ 13,557</u>

Estimated useful lives for property and equipment are 5 and 7 years and amounts are depreciated using a straight-line method.

Depreciation in the amount of \$4,331 has been included in the statement of activities for the year ended December 31, 2014.

Property and equipment for use in Haiti is expensed in the year of purchase. An amount of \$16,649 was expensed in 2014. Significant amounts spent in prior years for property and equipment have been expensed but much of the property and equipment is still in use in Haiti operations. These include vehicles, office equipment, improvements in the new office, the converted old office, the repair depot and the retreat center and the construction of the original buildings at the retreat center. Ownership of these assets is held by a strategic national partner in Haiti.

NOTE 4 – LONG TERM DEBT

The Organization partially financed the purchase of a vehicle in the original amount of \$13,000 with a note from BB&T Bank. The loan was at an interest rate of 4.99% and payments were \$389.62 for thirty-six months, ending in April, 2014.

NOTE 5 – LEASING ARRANGEMENTS

The Organization conducts its operations in the US from facilities that were leased for a year starting on August 1, 2013 in the amount of \$1,000 per month with an option to renew for one additional year; the facility continues to be rented on a month to month basis. In Haiti, the Organization also rents month to month the new office, the old office converted for missionary use and a duplex intended for missionary use. Through its strategic national partner, the Organization maintains but pays no rent for the retreat center and the repair depot.

Occupancy costs include an amount of rent expense in 2014 of approximately \$26,000.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2014:

Haiti ministries	\$284,301
Management and field personnel, net	<u>73,310</u>
	<u>\$357,611</u>

NOTE 7 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to:

Endowment, requiring principal to be maintained permanently and earnings to be used for RMI operations	<u>\$ 900</u>
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NOTE 8 – LOANS TO OFFICERS

Loans with Board approval were given to two officers. The terms include repayment over thirty-four months and no interest.

Original balances	\$11,250
Less repayments	<u>837</u>
Balances	<u>\$10,413</u>

NOTE 9 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 18, 2015, the date which the financial statements were available to be issued.