

RECIPROCAL MINISTRIES INTERNATIONAL, INC.

LEHIGH ACRES, FLORIDA

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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Fred B. Dees, C.P.A.
Fred B. Dees, Jr., C.P.A.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**Board of Directors
Reciprocal Ministries International, Inc.
Lehigh Acres, Florida**

We have reviewed the accompanying financial statements of **Reciprocal Ministries International, Inc.** (a nonprofit organization), which comprise the statement of financial position as of **December 31, 2020**, and the related statements of activities, cash flows, and functional expenses for the year then ended and the notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management's financial data and making inquiries of 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 taken as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with generally accepted accounting principles in the United States of America.

Respectfully submitted,



DEES & DEES, C.P.A.'s, P.A.
Port Charlotte, Florida
January 4, 2022

FINANCIAL STATEMENTS

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

<u>Current Assets</u>	
Cash and cash equivalents	\$1,373,426
Investments	302,722
Accounts receivable	80,854
Loans to officers	<u>11,500</u>
Total Current Assets	1,768,502
<u>Noncurrent Assets</u>	
Property and equipment, net	60,131
Security deposits	300
Other asset	<u>900</u>
Total Noncurrent Assets	<u>61,331</u>
TOTAL ASSETS	<u><u>\$1,829,833</u></u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>	
Accounts payable and accrued expenses	\$ 6,199
SBA – EIDL Advance Grant	<u>9,000</u>
Total Current Liabilities	<u>15,199</u>
Total Liabilities	<u>15,199</u>
<u>Net Assets</u>	
Without donor restrictions	403,354
With donor restrictions	<u>1,411,280</u>
Total Net Assets	<u>1,814,634</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,829,833</u></u>

See Accompanying Notes and Independent Accountant's Review Report

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2020

Changes in Net Assets without Donor Restrictions:

Revenues:	
Contributions	\$ 604,337
Interest	2,938
Other revenue	<u>2,000</u>
Total revenues without donor restrictions	<u>609,275</u>
Net assets released from donor restrictions	<u>1,761,340</u>
Total revenues without donor restrictions	<u>2,370,615</u>
Expenses:	
Program services	2,454,222
Management and general	176,872
Fund-raising	<u>85,110</u>
Total Expenses	<u>2,716,204</u>
Increase (Decrease) in Net Assets without Donor Restrictions	(345,589)

Changes in Net Assets with Donor Restrictions:

Revenues, gains and other support:	
Contributions	2,358,140
Net assets released from restrictions	<u>(1,761,340)</u>
Increase (Decrease) in Net Assets with Donor Restrictions	<u>596,800</u>
Increase in Net Assets	251,211
Net Assets at the Beginning of Period, as adjusted	<u>1,563,423</u>
Net Assets at the End of Period	<u>\$1,814,634</u>

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities:

Change in net assets	\$ 251,211
Adjustments to Reconcile Change in Net Assets to	
Cash Provided by Operating Activities:	
Depreciation	14,384
 (Increase) Decrease in Assets:	
Accounts receivable	(64,973)
 Increase (Decrease) in Liabilities:	
Accounts payable and accrued expenses	<u>(5,930)</u>
Net Cash Provided by (Used by) Operating Activities	<u>194,692</u>

Cash Flows from Investing Activities:

Purchase of property and equipment	(23,920)
Purchase of investments	<u>(2,722)</u>
Net Cash Provided by (Used by) Investing Activities	<u>(26,642)</u>

Cash Flows from Financing Activities:

Repayment of loans from officers	9,100
Loans to officers	(16,000)
Proceeds of SBA – EIDL Advance Grant	<u>9,000</u>
Net Cash Provided by (Used by) Financing Activities	<u>2,100</u>

Net (Decrease) in Cash and Cash Equivalents	170,150
Cash and Cash Equivalents at Beginning of the Period	<u>1,203,276</u>
Cash and Cash Equivalents at End of the Period	<u>\$1,373,426</u>

See Accompanying Notes and Independent Accountant's Review Report

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2020

	<u>Total</u>	<u>Programs Services</u>	<u>Management and General</u>	<u>Fund Raising</u>
Haita - MEBSH	\$ 37,000	\$ 37,000	\$ -0-	\$ -0-
Haiti – Travel	12,703	12,703	-0-	-0-
Haiti – Field Cost	102,364	102,364	-0-	-0-
Haiti – Food	351,912	351,912	-0-	-0-
Hope for Kids	431,698	431,698	-0-	-0-
Hot Lunch - FFH	42,760	42,760	-0-	-0-
Ministry Expense	690,774	690,774	-0-	-0-
Field Missionaries	92,966	92,966	-0-	-0-
Payroll	603,885	452,914	108,699	42,272
Payroll taxes	42,837	32,127	7,711	2,999
Benefits	138,429	103,822	24,917	9,690
Education	40	-0-	40	-0-
Fees – Service	950	-0-	950	-0-
Dues and Subscriptions	20,955	16,345	4,610	-0-
Fundraising	4,602	-0-	-0-	4,602
Office expense	46,888	29,071	10,315	7,502
Interest/Finance Charges	26,115	14,886	7,573	3,656
Occupancy	30,850	19,744	7,404	3,702
Travel	24,092	14,937	482	8,673
Depreciation	<u>14,384</u>	<u>8,199</u>	<u>4,171</u>	<u>2,014</u>
TOTAL	<u>\$2,716,204</u>	<u>\$2,454,222</u>	<u>\$ 176,872</u>	<u>\$ 85,110</u>

See Accompanying Notes and Independent Accountant's Review Report

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - NATURE OF ORGANIZATION

Reciprocal Ministries International, Inc. (the Organization) is a non-profit corporation that was incorporated on April 26, 1988 under the laws of the State of Florida. The Organization is dedicated to spreading the Gospel of Jesus Christ through church ministry and missionary activity in the Third World. Reciprocal Ministries International, Inc. strives to link churches in the US and in Haiti. Major program services include Hope for Kids, the Food Program and the Sister Church Program. Financial and volunteer resources are provided to linked churches in Haiti and include ministry training, medical teams, child education sponsorships, agronomy assistance, child food provision, small construction projects and the construction of prefab housing.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14 dated August 2016, the Organization uses the following classifications to distinguish among restrictions:

Net assets without donor restrictions – Contributions and all other revenue sources that are not subject to donor imposed stipulations. Net Assets without donor restrictions include both undesignated and board designated funds. Undesignated net assets may be used at the discretion of management to support the mission of the Organization and consist of net assets accumulated from the results of operations. From time to time, the Board may designate net assets without donor restrictions for specific operational purposes.

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all demand deposits, money market funds, and securities with original maturities of three months or less to be cash equivalents.

Investments

Certificates of deposit, with a 12 month or less maturity, totaling \$302,722 are included in investments. The certificates bear interest at .010% with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Fair Value of Financial Instruments

Generally accepted accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques that measure fair market value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements).

The carrying value for cash and cash equivalents and the certificates of deposit approximated fair value and are considered Level I measurements.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments (certificates of deposit). Both are maintained at high quality financial institutions which provide \$250,000 of insurance by the Federal Deposit Insurance Corporation (FDIC) per depositor at each financial institution. At December 31, 2020, the Organization had deposits at financial institutions of \$433,809 in excess of FDIC insurance coverage.

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 to ministry support functions.

Functional Expenses

The cost of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement 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.

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.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Donated Materials and Services (Cont.)

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 U.S. 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 \$330,912 in 2020.

Use of Estimates

The preparation of financial statements in accordance 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 estimated.

Income Taxes

The Organization is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Accordingly, no provision is required to be made for income taxes in the financial statements. There was no unrelated business income for the year ended December 31, 2020.

The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Accordingly, the Organization has filed Internal Revenue Service Form 990, *Return of Organization Exempt from Income Tax*, as required.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax return to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. The Organization is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

The Organization's informational returns filed with IRS are generally subject to examination for three years after the later of the due date or date of filing. However, the Organization is not currently under audit nor has the Organization been contacted by any of the taxing authorities.

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 20120

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at December 31, 2020:

Office equipment and software	\$ 63,074
Transportation equipment	73,421
Furniture and fixtures	<u>17,392</u>
Total	153,887
Less accumulated depreciation	<u>(93,756)</u>
Net Property and Equipment	<u>\$ 60,131</u>

Estimated useful lives for property and equipment are 3 to 10 years and amounts are depreciated or amortized using a straight-line method.

Depreciation in the amount of \$14,384 has been included in the statement of activities for the year ended December 31, 2020.

Property and equipment for use in Haiti is expensed in the year of purchase. An amount of \$25,000 was expensed in 2020. Significant amounts spent in prior years for property and equipment has been expensed but much of the property and equipment is still in use in Haiti operations. These included vehicles, office equipment, improvements in the new office, the converted old office, the repair depot, 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 - LEASE ARRANGEMENTS

The Organization conducts its operations in the U.S. from facilities that are leased year by year starting on August 1 each year. Presently, the amount paid is \$1,667 per month. 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 2020 of approximately \$23,850.

NOTE 5 - DONOR RESTRICTED NET ASSETS

Donor restricted net assets are available for the following purposes at December 31, 2020:

Haiti ministries	\$ 686,155
Management and field personnel, net	<u>725,125</u>
	<u>\$1,411,280</u>

NOTE 6 - LOANS TO OFFICERS

Loans with Board approval were given to two (2) officers in the current and prior years. Terms include repayment over eighteen (18) months and no interest.

Original balances	\$ 16,000
Less repayments	<u>(4,500)</u>
Balances	<u>\$ 11,500</u>

RECIPROCAL MINISTRIES INTERNATIONAL, INC.
LEHIGH ACRES, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2020

NOTE 7 – RETIREMENT PLAN

The Organization has a 401K plan with a matching feature for employees contributing into the plan. An amount of \$7,461 was the matching amount for the year 2019 that was recorded in 2020.

NOTE 8 – SBA – EIDL ADVANCE GRANT

The U.S. Small Business Administration (SBA) approved the Organization for the COVID-19 Economic Injury Disaster Loan (EIDL) Advance Grant of \$9,000. These “advances” provide funds to low income communities that demonstrate more than a 30% reduction in revenue during an eight week period from May 2, 2020 or later. The advance does not have to be repaid.

NOTE 9 – LIQUIDY

The Organization has \$357,222 of financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date, which consists of the current assets per the statement of financial position, reduced by \$1,411,280 of current assets not available for general use because of donor imposed restrictions.

The Organization maintains financial assets, consisting of cash and short-term investments on hand to meet its normal operating expenses based on its annual budget. As part of its liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 – SUBSEQUENT EVENTS

Reciprocal Ministries International, Inc.’s management has performed subsequent events procedures through January 4, 2022, which is the date the financial statements were available to be issued. Other than the following there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein except as follows.

In March 2020, the World Health Organization (“WHO”) declared the coronavirus (COVID 19), a global pandemic and public health emergency. The WHO has recommended containment and mitigation measures worldwide and domestically, self-isolation and shelter-in place requirements have been or are being put in place.

At this point, the Organization cannot reasonably estimate the length of this pandemic, or the extent to which this disruption may continue to impact the Organization’s financial statements and future results of operations. The Organization will continue to monitor and evaluate the nature and extent of the impact on their ongoing activities and the potential effect on the future contributions or funding and expenses, financial condition and liquidity.