

**REALITY MINISTRIES, INC.**

**Durham, North Carolina**

**COMPILED FINANCIAL STATEMENTS**

**June 30, 2018 and 2017**



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MEMBERS:  
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## **INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

To the Board of Directors of  
Reality Ministries, Inc.  
Durham, North Carolina

Management is responsible for the accompanying financial statements of Reality Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all disclosures required in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Blackman & Sloop*

Chapel Hill, North Carolina  
August 14, 2019

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## REALITY MINISTRIES, INC.

## STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 412,536	\$ 350,703
Prepaid expenses	16,042	6,713
<b>TOTAL CURRENT ASSETS</b>	<u>428,578</u>	<u>357,416</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	166,538	158,730
Buildings	1,007,283	986,988
Recording studio equipment	14,717	14,717
Computer and equipment	12,018	10,416
Furniture and fixtures	1,329	1,329
Less: accumulated depreciation	<u>(171,540)</u>	<u>(139,968)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>1,030,345</u>	<u>1,032,212</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,458,923</u>	<u>\$ 1,389,628</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Camp fees paid in advance	\$ 11,627	\$ 3,675
Payroll liabilities	204	33
Current portion of long-term debt	<u>12,500</u>	<u>11,800</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>24,331</u>	<u>15,508</u>
<b>LONG TERM LIABILITIES</b>		
Long-term debt, net of current portion	<u>257,005</u>	<u>269,530</u>
<b>TOTAL LIABILITIES</b>	<u>281,336</u>	<u>285,038</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	1,161,334	1,066,440
Net assets with donor restrictions	<u>16,253</u>	<u>38,150</u>
<b>TOTAL NET ASSETS</b>	<u>1,177,587</u>	<u>1,104,590</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,458,923</u>	<u>\$ 1,389,628</u>

See Independent Accountant's Compilation report.

## REALITY MINISTRIES, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2018  
(With Comparative Totals for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Total	
			June 30, 2018	June 30, 2017
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public support				
Contributions - unrestricted	\$ 687,120	\$ -	\$ 687,120	645,631
Contributions - Corner House	-	5,897	5,897	39,125
Contributions - farm	-	-	-	20,000
Contributions - renovations	-	3,725	3,725	19,054
Contributions - camp scholarships	-	5,237	5,237	17,776
Contributions - Sarah Johnson support	-	4,352	4,352	8,902
Contributions - Lee Anderson support	-	198	198	6,826
Contributions - Reality Works	-	1,016	1,016	2,264
Contributions - accessibility projects	-	-	-	1,010
Contributions - temporarily restricted	-	5,000	5,000	-
Total public support	687,120	25,425	712,545	760,588
Other revenue				
Camp fees	9,150	-	9,150	31,162
Program service fees	39,979	-	39,979	30,822
Building usage	20,086	-	20,086	22,916
Rental Income - Corner House	32,400	-	32,400	16,200
Sale of merchandise, net of cost of sales	4,539	-	4,539	2,492
Realized gain (loss) on investments	(212)	-	(212)	399
Reality Café Donations	48,052	-	48,052	251
Interest	203	-	203	-
Dividends	100	-	100	197
Gain (loss) on sale of property and equipment	-	-	-	(423)
Total other revenue	154,297	-	154,297	104,016
Net assets released from restrictions	47,322	(47,322)	-	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>888,739</b>	<b>(21,897)</b>	<b>866,842</b>	<b>864,604</b>
<b>EXPENSES</b>				
Program services	564,650	-	564,650	484,658
Support services				
Management and general	148,718	-	148,718	123,848
Fundraising	80,477	-	80,477	67,760
Total support services	229,195	-	229,195	191,608
<b>TOTAL EXPENSES</b>	<b>793,845</b>	<b>-</b>	<b>793,845</b>	<b>676,266</b>
<b>CHANGES IN NET ASSETS</b>	<b>94,894</b>	<b>(21,897)</b>	<b>72,997</b>	<b>188,338</b>
<b>NET ASSETS - BEGINNING OF PERIOD</b>	<b>1,066,440</b>	<b>38,150</b>	<b>1,104,590</b>	<b>916,252</b>
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 1,161,334</b>	<b>\$ 16,253</b>	<b>\$ 1,177,587</b>	<b>\$ 1,104,590</b>

See Independent Accountant's Compilation report.

## REALITY MINISTRIES, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 72,997	\$ 188,338
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	31,572	23,102
Realized gain/loss on investments	212	(399)
Realized loss on sale of property and equipment	-	423
Donated investments	(26,660)	(38,057)
Long-term debt forgiveness	-	(49,000)
Increase (decrease) in cash arising from changes in assets and liabilities:		
Prepaid expenses	(9,329)	(1,489)
Payroll liabilities	171	33
Camp fees paid in advance	7,952	(1,044)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>76,915</u>	<u>121,907</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	26,448	38,456
Proceeds from sale of property and equipment	-	578
Purchase of property and equipment	(29,705)	(508,211)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(3,257)</u>	<u>(469,177)</u>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	-	263,000
Principal payments on long-term debt	(11,825)	(9,629)
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<u>(11,825)</u>	<u>253,371</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	61,833	(93,899)
<b>CASH - BEGINNING OF PERIOD</b>	<u>350,703</u>	<u>444,602</u>
<b>CASH - END OF PERIOD</b>	<u>\$ 412,536</u>	<u>\$ 350,703</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u>\$ 17,119</u>	<u>\$ 9,193</u>
Donated investments	<u>\$ 26,660</u>	<u>\$ 38,057</u>

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## REALITY MINISTRIES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2018  
(With Comparative Totals for the Year Ended June 30, 2017)

	Program Services	Management and General	Fundraising	Total	
				June 30, 2018	June 30, 2017
Regular salaries & wages	\$ 233,481	66,709	33,354	\$ 333,544	\$ 233,973
Directors salary	12,120	24,240	24,240	60,600	58,050
Fellows program	50,395	-	-	50,395	45,199
Employee benefits	35,209	10,060	5,030	50,299	64,078
Special needs ministry	37,701	-	-	37,701	35,547
Depreciation	26,865	4,707	-	31,572	23,102
Payroll taxes	21,194	6,056	3,028	30,278	22,602
Farm	24,354	-	-	24,354	5,587
Daytime at the Reality Center	23,771	-	-	23,771	24,350
Facilities maintenance	15,424	5,141	-	20,565	13,419
Interest	16,703	333	83	17,119	9,193
Insurance	11,079	4,782	709	16,570	15,574
Contract services	5,999	7,386	-	13,385	16,766
Utilities	9,185	2,449	612	12,246	14,639
Camp expenses	9,975	-	-	9,975	22,071
Fundraising	-	-	9,724	9,724	8,859
Cleaning service	7,155	2,385	-	9,540	3,441
Sarah Johnson support	6,955	-	-	6,955	6,100
Reality Cafe	6,018	-	-	6,018	2,635
Supplies	-	4,887	-	4,887	3,600
Accounting fees	-	4,650	-	4,650	6,280
Postage & mailing service	-	1,104	3,312	4,416	2,343
Other program expenses	2,952	-	-	2,952	1,348
Corner House	2,743	-	-	2,743	6,107
Other costs	12	2,578	-	2,590	1,666
Reality Works	2,051	-	-	2,051	3,446
Conference, convention, meeting	958	959	-	1,917	240
Books, subscriptions, reference	1,066	-	-	1,066	689
Printing & copying	289	289	385	963	1,036
Community care	541	-	-	541	15,963
Lee Anderson support	273	-	-	273	7,001
Kitchen remodel	98	-	-	98	121
Volunteer care	84	-	-	84	773
Bank service charges	-	3	-	3	5
Vehicles expenses	-	-	-	-	455
Equipment rental & maintenance	-	-	-	-	8
	<u>\$ 564,650</u>	<u>\$ 148,718</u>	<u>\$ 80,477</u>	<u>\$ 793,845</u>	<u>\$ 676,266</u>

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