

**REALITY MINISTRIES, INC.**

**Durham, North Carolina**

**COMPILED FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**



**BLACKMAN  
& SLOOP**  
CERTIFIED PUBLIC ACCOUNTANTS

Carla G. Daniel, EA  
Andrea W. Eason, CPA, CGMA  
Robin H. McDuffie, CPA, CGMA  
M. Neely McLaughlin, CPA, MBA, CGMA  
Joan C. Pharr, CPA, CGMA  
Deetra B. Watson, CPA, CGMA



MEMBERS:  
American Institute of  
Certified Public Accountants  
  
North Carolina Association of  
Certified Public Accountants

## **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, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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  
February 8, 2020

**BLACKMAN & SLOOP, CPAS, P.A.**

Phone/919.942.8700 • Fax/919.968.4766 • Toll Free/877.854.7530

The Exchange West at Meadowmont • 1414 Raleigh Road, Suite 300 • Chapel Hill, North Carolina 27517

www.b-scpa.com • email:cpa@b-scpa.com

## REALITY MINISTRIES, INC.

## STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 247,204	\$ 412,536
Prepaid expenses	14,235	16,042
<b>TOTAL CURRENT ASSETS</b>	<u>261,439</u>	<u>428,578</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	335,314	166,538
Buildings	1,624,959	1,007,283
Recording studio equipment	14,717	14,717
Computer and equipment	13,174	12,018
Furniture and fixtures	1,329	1,329
Less: accumulated depreciation	<u>(224,489)</u>	<u>(171,540)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>1,765,004</u>	<u>1,030,345</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,026,443</u>	<u>\$ 1,458,923</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Camp fees paid in advance	\$ 10,177	\$ 11,627
Community foodshares received in advance	2,789	-
Payroll liabilities	-	204
Security deposits payable	5,162	-
Deferred rent revenue	400	-
Current portion of long-term debt	<u>13,300</u>	<u>12,500</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>31,828</u>	<u>24,331</u>
<b>LONG TERM LIABILITIES</b>		
Long-term debt, net of current portion	<u>579,175</u>	<u>257,005</u>
<b>TOTAL LIABILITIES</b>	<u>611,003</u>	<u>281,336</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	1,408,113	1,161,334
Net assets with donor restrictions	<u>7,327</u>	<u>16,253</u>
<b>TOTAL NET ASSETS</b>	<u>1,415,440</u>	<u>1,177,587</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,026,443</u>	<u>\$ 1,458,923</u>

See Independent Accountant's Compilation report.

## REALITY MINISTRIES, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			June 30, 2019	June 30, 2018
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public support				
Contributions - without donor restrictions	\$ 649,049	\$ -	\$ 649,049	687,120
Contributions - Corner House	-	5,087	5,087	5,897
Contributions - farm	-	15,050	15,050	-
Contributions - renovations	-	-	-	3,725
Contributions - camp scholarships	-	40,967	40,967	5,237
Contributions - Sarah Johnson support	-	-	-	4,352
Contributions - Lee Anderson support	-	-	-	198
Contributions - Zac Slay support	-	4,304	4,304	-
Contributions - Reality Works	-	-	-	1,016
Contributions - Friendship House	-	365,417	365,417	-
Contributions - with donor restrictions	-	5,997	5,997	5,000
Total public support	649,049	436,822	1,085,871	712,545
Other revenue				
Camp fees	25,234	-	25,234	9,150
Program service fees	51,625	-	51,625	39,979
Building usage	15,247	-	15,247	20,086
Rental Income - Corner House	32,400	-	32,400	32,400
Rental Income - Friendship House	57,782	-	57,782	-
Sale of merchandise, net of cost of sales	7,248	-	7,248	4,539
Realized gain (loss) on investments	(271)	-	(271)	(212)
Reality Café Donations	6,651	-	6,651	48,052
Interest	218	-	218	-
Dividends	-	-	-	303
Total other revenue	196,134	-	196,134	154,297
Net assets released from restrictions	445,748	(445,748)	-	-
<b>TOTAL PUBLIC SUPPORT AND OTHER REVENUE</b>	<b>1,290,931</b>	<b>(8,926)</b>	<b>1,282,005</b>	<b>866,842</b>
<b>EXPENSES</b>				
Program services	716,229	-	716,229	564,650
Support services				
Management and general	257,305	-	257,305	148,718
Fundraising	70,618	-	70,618	80,477
Total support services	327,923	-	327,923	229,195
<b>TOTAL EXPENSES</b>	<b>1,044,152</b>	<b>-</b>	<b>1,044,152</b>	<b>793,845</b>
<b>CHANGES IN NET ASSETS</b>	<b>246,779</b>	<b>(8,926)</b>	<b>237,853</b>	<b>72,997</b>
<b>NET ASSETS - BEGINNING OF PERIOD</b>	<b>1,161,334</b>	<b>16,253</b>	<b>1,177,587</b>	<b>1,104,590</b>
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 1,408,113</b>	<b>\$ 7,327</b>	<b>\$ 1,415,440</b>	<b>\$ 1,177,587</b>

See Independent Accountant's Compilation report.

## REALITY MINISTRIES, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 237,853	\$ 72,997
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	52,949	31,572
Realized gain/loss on investments	271	212
Donated investments	(59,400)	(26,660)
Increase (decrease) in cash arising from changes in assets and liabilities:		
Prepaid expenses	1,808	(9,329)
Payroll liabilities	(204)	171
Camp fees paid in advance	(1,450)	7,952
Community foodshare paid in advance	2,789	-
Deferred rent revenue	400	-
Security deposits payable	5,162	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>240,178</u>	<u>76,915</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	59,129	26,448
Purchase of property and equipment	(787,608)	(29,705)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(728,479)</u>	<u>(3,257)</u>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	745,000	-
Principal payments on long-term debt	(422,031)	(11,825)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<u>322,969</u>	<u>(11,825)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(165,332)	61,833
<b>CASH - BEGINNING OF PERIOD</b>	<u>412,536</u>	<u>350,703</u>
<b>CASH - END OF PERIOD</b>	<u>\$ 247,204</u>	<u>\$ 412,536</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u>\$ 28,818</u>	<u>\$ 17,119</u>
Donated investments	<u>\$ 59,400</u>	<u>\$ 26,660</u>

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## REALITY MINISTRIES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2019  
(With Comparative Totals for the Year Ended June 30, 2018)

	Program Services	Management and General	Fundraising	Total	
				June 30, 2019	June 30, 2018
Regular salaries & wages	\$ 272,943	77,984	38,992	\$ 389,919	\$ 333,544
Employee benefits	54,865	18,289	-	73,154	50,300
Fellows program	64,740	-	-	64,740	50,395
Directors salary	15,425	30,850	15,425	61,700	60,600
Facilities maintenance	14,912	41,691	-	56,603	20,565
Depreciation	48,214	4,735	-	52,949	31,572
Payroll taxes	24,302	6,944	3,472	34,718	30,278
Special needs ministry	33,949	-	-	33,949	37,701
Daytime at the Reality Center	33,820	-	-	33,820	23,771
Contract services	27,564	1,962	-	29,526	13,385
Interest	28,443	300	75	28,818	17,119
Camp expenses	24,622	-	-	24,622	9,975
Insurance	-	24,017	-	24,017	16,570
Friendship House	23,197	-	-	23,197	-
Cleaning service	-	15,109	-	15,109	9,540
Utilities	-	14,400	-	14,400	12,246
Farm	13,720	-	-	13,720	24,354
Corner House	10,845	-	-	10,845	2,743
Fundraising	-	-	9,260	9,260	9,724
Reality Cafe	7,494	425	-	7,919	6,018
Accounting fees	-	6,175	-	6,175	4,650
Other costs	2,432	3,308	-	5,740	2,438
Vehicles expenses	5,744	-	-	5,744	-
Conference, convention, meeting	630	4,588	-	5,218	1,917
Bank service charges	-	3,965	-	3,965	3
Postage & mailing service	-	377	3,394	3,771	4,417
Supplies	1,464	1,465	-	2,929	4,887
Reality Works	2,866	-	-	2,866	2,051
Other program expenses	2,542	-	-	2,542	2,952
Community care	1,097	-	-	1,097	542
Printing & copying	-	709	-	709	964
Volunteer care	399	-	-	399	84
Business registration fees	-	12	-	12	-
Sarah Johnson support	-	-	-	-	6,955
Books, subscriptions, reference	-	-	-	-	1,066
Lee Anderson support	-	-	-	-	273
Kitchen remodel	-	-	-	-	98
	<u>\$ 716,229</u>	<u>\$ 257,305</u>	<u>\$ 70,618</u>	<u>\$ 1,044,152</u>	<u>\$ 793,697</u>

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