

**REALITY MINISTRIES, INC.**

**Durham, North Carolina**

**COMPILED FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**



## 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, 2022 and 2021, 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  
December 14, 2022

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## REALITY MINISTRIES, INC.

## STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,237,788	\$ 1,141,115
Prepaid expenses	19,824	5,447
Payroll tax receivable	-	466
<b>TOTAL CURRENT ASSETS</b>	<u>1,257,612</u>	<u>1,147,028</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	335,314	335,314
Buildings	1,632,449	1,632,450
Recording studio equipment	14,717	14,717
Computer and equipment	14,450	13,174
Furniture and fixtures	1,329	1,329
Less: accumulated depreciation	(385,872)	(332,455)
<b>NET PROPERTY AND EQUIPMENT</b>	<u>1,612,387</u>	<u>1,664,529</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,869,999</u>	<u>\$ 2,811,557</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ 899
Security deposits payable	7,912	6,162
Deferred rent revenue	-	2,025
Current portion of long-term debt	15,300	14,400
<b>TOTAL CURRENT LIABILITIES</b>	<u>23,212</u>	<u>23,486</u>
<b>LONG TERM LIABILITIES</b>		
Long-term debt, net of current portion	179,743	195,073
<b>TOTAL LIABILITIES</b>	<u>202,955</u>	<u>218,559</u>
<b>NET ASSETS</b>		
Net assets without donor restrictions	2,077,078	2,009,554
Net assets with donor restrictions	589,966	583,444
<b>TOTAL NET ASSETS</b>	<u>2,667,044</u>	<u>2,592,998</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,869,999</u>	<u>\$ 2,811,557</u>

See Independent Accountant's Compilation report.

## REALITY MINISTRIES, INC.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
<b>PUBLIC SUPPORT AND REVENUE</b>				
Public support				
Contributions - without donor restrictions	\$ 998,149	\$ -	\$ 998,149	859,063
Contributions - Corner House	-	1,000	1,000	3,246
Contributions - farm	-	2,043	2,043	8,089
Contributions - renovations	-	-	-	52,000
Contributions - camp scholarships	-	8,672	8,672	-
Contributions - Friendship House	-	-	-	5,445
Contributions - Isaac House	-	-	-	500,000
Contributions - with donor restrictions	-	32,528	32,528	-
Total public support	998,149	44,243	1,042,392	1,427,843
Other revenue				
Camp fees	24,680	-	24,680	207
Program service fees	48,623	-	48,623	59,529
Building usage	22,054	-	22,054	6,950
Rental Income - Corner House	21,600	-	21,600	32,400
Rental Income - Friendship House	73,597	-	73,597	47,530
Sale of merchandise, net of cost of sales	4,768	-	4,768	1,408
Sales, net of cost of sales	11,762	-	11,762	-
Realized gain (loss) on investments	(33)	-	(33)	506
Reality Café Donations	430	-	430	624
Interest	117	-	117	82
PPP loan forgiveness	-	-	-	101,734
Total other revenue	207,598	-	207,598	250,970
Net assets released from restrictions	37,721	(37,721)	-	-
<b>TOTAL PUBLIC SUPPORT AND OTHER REVENUE</b>	<b>1,243,467</b>	<b>6,522</b>	<b>1,249,990</b>	<b>1,678,813</b>
<b>EXPENSES</b>				
Program services	796,108	-	796,108	636,144
Support services				
Management and general	285,690	-	285,690	232,245
Fundraising	94,145	-	94,145	86,012
Total support services	379,835	-	379,835	318,257
<b>TOTAL EXPENSES</b>	<b>1,175,943</b>	<b>-</b>	<b>1,175,943</b>	<b>954,401</b>
<b>CHANGES IN NET ASSETS</b>	<b>67,524</b>	<b>6,522</b>	<b>74,046</b>	<b>724,412</b>
<b>NET ASSETS - BEGINNING OF PERIOD</b>	<b>2,009,554</b>	<b>583,444</b>	<b>2,592,998</b>	<b>1,868,586</b>
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 2,077,078</b>	<b>\$ 589,966</b>	<b>\$ 2,667,044</b>	<b>\$ 2,592,998</b>

See Independent Accountant's Compilation report.

## REALITY MINISTRIES, INC.

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 74,046	\$ 724,412
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	53,418	53,965
Realized gain/loss on investments	33	(506)
Donated investments	(11,275)	(30,023)
Long-term debt forgiveness	-	(20,065)
Short-term debt forgiveness	-	(101,734)
Increase (decrease) in cash arising from changes in assets and liabilities:		
Payroll tax receivable	466	(466)
Prepaid expenses	(14,377)	6,668
Accounts payable	(899)	899
Camp fees paid in advance	-	(207)
Community foodshare paid in advance	-	(1,016)
Deferred rent revenue	(2,025)	2,025
Security deposits payable	1,750	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>101,137</u>	<u>633,952</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	11,242	30,529
Purchase of property and equipment	(1,276)	(7,491)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>9,966</u>	<u>23,038</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(14,430)	(14,157)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(14,430)</u>	<u>(14,157)</u>
<b>NET INCREASE IN CASH</b>	<u>96,673</u>	<u>642,833</u>
<b>CASH - BEGINNING OF PERIOD</b>	<u>1,141,115</u>	<u>498,282</u>
<b>CASH - END OF PERIOD</b>	<u>\$ 1,237,788</u>	<u>\$ 1,141,115</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	<u>\$ 12,352</u>	<u>\$ 14,622</u>
Donated investments	<u>\$ 11,275</u>	<u>\$ 30,023</u>

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## REALITY MINISTRIES, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	Program Services	Management and General	Fundraising	Total	
				2022	2021
Regular salaries & wages	\$ 383,585	109,596	54,798	\$ 547,979	\$ 426,518
Employee benefits	69,442	23,147	-	92,589	77,993
Directors salary	18,398	36,795	18,398	73,591	68,921
Depreciation	48,882	4,535	-	53,417	53,965
Fellows program	51,470	-	-	51,470	76,703
Payroll taxes	34,311	9,803	4,901	49,015	38,072
Facilities maintenance	26,933	8,463	-	35,396	32,279
Special needs ministry	31,395	-	-	31,395	8,439
Camp expenses	30,215	-	-	30,215	-
Friendship House	29,155	-	-	29,155	27,493
Insurance	-	17,307	-	17,307	29,443
Cleaning service	-	16,590	-	16,590	7,195
Conference, convention, meeting	-	16,217	-	16,217	5,050
Daytime at the Reality Center	16,022	-	-	16,022	4,228
Fundraising	-	-	12,743	12,743	17,835
Interest	12,352	-	-	12,352	14,622
Farm	12,069	-	-	12,069	6,724
Accounting fees	-	10,575	-	10,575	6,375
Utilities	-	9,866	-	9,866	10,643
Corner House	9,682	-	-	9,682	8,846
Other program expenses	7,311	-	-	7,311	2,012
Contract services	-	6,330	-	6,330	2,959
Other costs	-	5,960	-	5,960	3,697
Bank service charges	-	5,755	-	5,755	7,133
Supplies	2,800	2,799	-	5,599	6,336
Reality Cafe	4,879	-	-	4,879	1,944
Isaac House	4,108	-	-	4,108	-
Postage & mailing service	-	367	3,305	3,672	4,908
Vehicles expenses	1,599	-	-	1,599	313
Printing & copying	-	1,125	-	1,125	1,188
Community care	900	-	-	900	536
Volunteer care	600	-	-	600	21
Business registration fees	-	246	-	246	-
Travel	-	214	-	214	-
Reality Works	-	-	-	-	1,986
Books, subscriptions, reference	-	-	-	-	24
	<u>\$ 796,108</u>	<u>\$ 285,690</u>	<u>\$ 94,145</u>	<u>\$ 1,175,943</u>	<u>\$ 954,401</u>

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