

REALITY MINISTRIES, INC.

Durham, North Carolina

COMPILED FINANCIAL STATEMENTS

June 30, 2023 and 2022



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, 2023 and 2022, 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
March 5, 2024

BLACKMAN & SLOOP, CPAS, P.A.

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REALITY MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash	\$ 714,022	\$ 1,237,788
Prepaid expenses	-	19,824
	714,022	1,257,612
PROPERTY AND EQUIPMENT		
Land	785,314	335,314
Buildings	2,041,414	1,632,449
Recording studio equipment	14,717	14,717
Computer and equipment	14,450	14,450
Furniture and fixtures	1,329	1,329
Less: accumulated depreciation	(439,509)	(385,872)
	2,417,715	1,612,387
NET PROPERTY AND EQUIPMENT		
	2,417,715	1,612,387
TOTAL ASSETS	\$ 3,131,737	\$ 2,869,999

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Security deposits payable	\$ 8,563	\$ 7,912
Current portion of long-term debt	16,300	15,300
	24,863	23,212
TOTAL CURRENT LIABILITIES		
	24,863	23,212
LONG TERM LIABILITIES		
Long-term debt, net of current portion	163,405	179,743
	163,405	179,743
TOTAL LIABILITIES	188,268	202,955
NET ASSETS		
Net assets without donor restrictions	2,689,332	2,077,078
Net assets with donor restrictions	254,137	589,966
	2,943,469	2,667,044
TOTAL NET ASSETS		
	2,943,469	2,667,044
TOTAL LIABILITIES AND NET ASSETS	\$ 3,131,737	\$ 2,869,999

See Independent Accountant's Compilation report.

REALITY MINISTRIES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
PUBLIC SUPPORT AND REVENUE				
Public support				
Contributions - without donor restrictions	\$ 882,098	\$ -	\$ 882,098	998,149
Contributions - Corner House	-	69,181	69,181	1,000
Contributions - farm	-	-	-	2,043
Contributions - camp scholarships	-	20,944	20,944	8,672
Contributions - Isaac House	-	460,241	460,241	-
Contributions - with donor restrictions	-	10,870	10,870	32,528
Total public support	882,098	561,236	1,443,334	1,042,392
Other revenue				
Camp fees	18,783	-	18,783	24,680
Program service fees	75,701	-	75,701	48,623
Building usage	35,082	-	35,082	22,054
Rental Income - Corner House	18,500	-	18,500	21,600
Rental Income - Friendship House	78,625	-	78,625	73,597
Rental Income - Isaac House	2,991	-	2,991	-
Sale of merchandise, net of cost of sales	828	-	828	4,768
Sales, net of cost of sales	5,404	-	5,404	11,762
Realized gain (loss) on investments	(133)	-	(133)	(33)
Reality Café Donations	-	680	680	430
Interest	554	-	554	117
Total other revenue	236,335	680	237,015	207,598
Net assets released from restrictions	897,745	(897,745)	-	-
TOTAL PUBLIC SUPPORT AND OTHER REVENUE	2,016,178	(335,829)	1,680,349	1,249,990
EXPENSES				
Program services	1,172,308	-	1,172,308	796,108
Support services				
Management and general	160,516	-	160,516	285,690
Fundraising	71,100	-	71,100	94,145
Total support services	231,616	-	231,616	379,835
TOTAL EXPENSES	1,403,924	-	1,403,924	1,175,943
CHANGES IN NET ASSETS	612,254	(335,829)	276,425	74,046
NET ASSETS - BEGINNING OF PERIOD	2,077,078	589,966	2,667,044	2,592,998
NET ASSETS - END OF PERIOD	\$ 2,689,332	\$ 254,137	\$ 2,943,469	\$ 2,667,044

See Independent Accountant's Compilation report.

REALITY MINISTRIES, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 276,425	\$ 74,046
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	53,638	53,418
Realized gain/loss on investments	133	33
Donated investments/properties	(450,000)	(11,275)
Increase (decrease) in cash arising from changes in assets and liabilities:		
Payroll tax receivable	-	466
Prepaid expenses	19,824	(14,377)
Accounts payable	-	(899)
Deferred rent revenue	-	(2,025)
Security deposits payable	650	1,750
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(99,330)</u>	<u>101,137</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	(133)	11,242
Purchase of property and equipment	(408,965)	(1,276)
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(409,098)</u>	<u>9,966</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(15,338)	(14,430)
NET CASH USED IN FINANCING ACTIVITIES	<u>(15,338)</u>	<u>(14,430)</u>
NET INCREASE/(DECREASE) IN CASH	<u>(523,766)</u>	<u>96,673</u>
CASH - BEGINNING OF PERIOD	<u>1,237,788</u>	<u>1,141,115</u>
CASH - END OF PERIOD	<u>\$ 714,022</u>	<u>\$ 1,237,788</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u>\$ 11,445</u>	<u>\$ 12,352</u>
Donated investments/properties	<u>\$ 450,000</u>	<u>\$ 11,275</u>

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REALITY MINISTRIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services	Management and General	Fundraising	Total	
				2023	2022
Regular salaries & wages	\$ 622,573	73,244	36,622	\$ 732,439	\$ 547,979
Employee benefits	109,109	12,836	6,418	128,363	92,589
Directors salary	60,235	7,085	3,543	70,863	73,591
Payroll taxes	53,996	6,352	3,176	63,524	49,015
Insurance	44,194	11,049	-	55,243	17,307
Depreciation	53,638	-	-	53,638	53,417
Daytime at the Reality Center	36,536	-	-	36,536	16,022
Friendship House	26,300	-	-	26,300	29,155
Accounting fees	-	25,317	-	25,317	10,575
Special needs ministry	22,989	-	-	22,989	31,395
Camp expenses	22,035	-	-	22,035	30,215
Fundraising	-	-	18,808	18,808	12,743
Facilities maintenance	12,778	4,260	-	17,038	35,396
Cleaning service	12,421	4,141	-	16,562	16,590
Corner House	14,624	-	-	14,624	9,682
Conference, convention, meeting	13,308	-	-	13,308	16,217
Isaac House	11,745	-	-	11,745	4,108
Interest	11,445	-	-	11,445	12,352
Utilities	7,962	2,654	-	10,616	9,866
Bank service charges	-	7,903	-	7,903	5,755
Fellows program	5,937	-	-	5,937	51,470
Community care	4,504	-	-	4,504	900
Operations	3,359	1,120	-	4,479	3,544
Vehicles expenses	4,190	-	-	4,190	1,599
Contract services	815	3,261	-	4,076	6,330
Farm	3,904	-	-	3,904	12,069
Supplies	2,993	748	-	3,741	5,599
Business Expenses	3,599	-	-	3,599	2,416
Reality Cafe	2,855	-	-	2,855	4,879
Postage & mailing service	140	141	2,533	2,814	3,672
Volunteer care	1,554	-	-	1,554	600
Printing & copying	1,088	363	-	1,451	1,125
Travel	925	-	-	925	214
Other program expenses	409	-	-	409	7,311
Business registration fees	93	-	-	93	246
Real Estate, Personal Prop Tax	55	-	-	55	-
Other costs	-	42	-	42	-
	<u>\$ 1,172,308</u>	<u>\$ 160,516</u>	<u>\$ 71,100</u>	<u>\$ 1,403,924</u>	<u>\$ 1,175,943</u>

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