



Right From the Heart Ministries, Inc.

FINANCIAL STATEMENTS

September 30, 2023 and 2022

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REPORT





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Right From the Heart Ministries, Inc.

Opinion

We have audited the accompanying financial statements of Right From the Heart Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Right From the Heart Ministries, Inc. as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Right From the Heart Ministries, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Right From the Heart Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Right From the Heart Ministries, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Right From the Heart Ministries, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
February 4, 2024



FINANCIAL STATEMENTS



Right From the Heart Ministries, Inc.
Statements of Financial Position

<i>September 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 341,638	\$ 390,299
Accounts receivable, net	13,906	5,202
Prepaid rent	12,209	7,012
Operating lease right-of-use assets, net	60,682	-
Property and equipment, net	29,417	47,978
Total assets	\$ 457,852	\$ 450,491
Liabilities and Net Assets		
Accounts payable	\$ 27,699	\$ 74,316
Accrued expenses	5,518	13,209
Operating lease liabilities	60,682	-
Total liabilities	93,899	87,525
Net assets		
Without donor restrictions	136,203	208,721
With donor restrictions	227,750	154,245
Total net assets	363,953	362,966
Total liabilities and net assets	\$ 457,852	\$ 450,491

The accompanying notes are an integral part of these financial statements.

Right From the Heart Ministries, Inc.
Statements of Activities

<i>For the year ended September 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 1,649,182	\$ 87,944	\$ 1,737,126
Golf tournament sponsorships and entrance fees	105,485	-	105,485
Book and CD sales	978	-	978
Net assets released from restrictions	14,439	(14,439)	-
Total revenue and other support	1,770,084	73,505	1,843,589
Expenses			
<i>Program services</i>	1,447,599	-	1,447,599
<i>Supporting services</i>			
General and administrative	209,546	-	209,546
Fundraising	185,457	-	185,457
Total supporting services	395,003	-	395,003
Total expenses	1,842,602	-	1,842,602
Change in net assets	(72,518)	73,505	987
Net assets at beginning of year	208,721	154,245	362,966
Net assets at end of year	\$ 136,203	\$ 227,750	\$ 363,953

The accompanying notes are an integral part of these financial statements.

Right From the Heart Ministries, Inc.
Statements of Activities (Continued)

<i>For the year ended September 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 1,810,145	\$ 5,339	\$ 1,815,484
Golf tournament sponsorships and entrance fees	152,020	-	152,020
Book and CD sales	2,345	-	2,345
Interest and other income	16	-	16
Net assets released from restrictions	1,810	(1,810)	-
Total revenue and other support	1,966,336	3,529	1,969,865
Expenses			
<i>Program services</i>	1,589,918	-	1,589,918
<i>Supporting services</i>			
General and administrative	233,173	-	233,173
Fundraising	154,993	-	154,993
Total supporting services	388,166	-	388,166
Total expenses	1,978,084	-	1,978,084
Change in net assets	(11,748)	3,529	(8,219)
Net assets at beginning of year	220,469	150,716	371,185
Net assets at end of year	\$ 208,721	\$ 154,245	\$ 362,966

The accompanying notes are an integral part of these financial statements.

Right From the Heart Ministries, Inc.
Statements of Functional Expenses

For the year ended September 30, 2023

	Programs Subtotal	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 413,125	\$ 133,940	\$ 121,510	\$ 668,575
Radio communications	557,898	-	-	557,898
Television and video communications	169,011	-	-	169,011
Office lease	84,139	-	-	84,139
Professional and administrative fees	5,812	45,005	-	50,817
Special event expenses	-	-	49,722	49,722
Travel	46,690	-	-	46,690
Internet spots	40,968	-	-	40,968
Website	35,131	-	-	35,131
Food and beverage	16,922	5,486	4,977	27,385
Systems support	20,986	-	-	20,986
Depreciation	19,646	-	-	19,646
Online giving fees	-	16,392	-	16,392
Printing	14,487	-	-	14,487
Charitable contributions	10,000	-	-	10,000
Auto lease	9,370	-	-	9,370
Advertising	-	-	9,248	9,248
Office and computer supplies	-	8,723	-	8,723
Other	3,414	-	-	3,414
Total	\$ 1,447,599	\$ 209,546	\$ 185,457	\$ 1,842,602

The accompanying notes are an integral part of these financial statements.

Right From the Heart Ministries, Inc.
Statements of Functional Expenses (Continued)

For the year ended September 30, 2022

	Programs Subtotal	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries and benefits	\$ 318,861	\$ 172,248	\$ 102,123	\$ 593,232
Radio communications	739,619	-	-	739,619
Television and video communications	253,417	-	-	253,417
Office lease	82,500	-	-	82,500
Special event expenses	-	-	46,575	46,575
Systems support	36,985	-	-	36,985
Professional and administrative fees	-	31,266	-	31,266
Website	30,438	-	-	30,438
Auto lease	29,143	-	-	29,143
Internet spots	28,355	-	-	28,355
Depreciation	20,765	-	-	20,765
Charitable contributions	19,500	-	-	19,500
Online giving fees	-	14,437	-	14,437
Printing	13,799	-	-	13,799
Food and beverage	6,521	3,523	2,089	12,133
Office and computer supplies	-	11,699	-	11,699
Travel	5,274	-	-	5,274
Other	4,741	-	-	4,741
Advertising	-	-	4,206	4,206
Total	\$ 1,589,918	\$ 233,173	\$ 154,993	\$ 1,978,084

The accompanying notes are an integral part of these financial statements.

Right From the Heart Ministries, Inc.
Statements of Cash Flows

<i>For the years ended September 30,</i>	2023	2022
Operating Activities		
Change in net assets	\$ 987	\$ (8,219)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	19,646	20,765
Amortization of right-of-use assets	87,899	-
Changes in operating assets and liabilities		
Accounts receivable	(8,704)	(241)
Stocks in transit	-	6,181
Prepaid rent	(5,197)	(688)
Accounts payable	(46,617)	14,207
Accrued expenses	(7,691)	(12,717)
Operating lease liabilities	(87,899)	-
Net cash provided by (used in) operating activities	(47,576)	19,288
Investing Activities		
Purchase of property and equipment	(1,085)	-
Net cash provided by (used in) investing activities	(1,085)	-
Net change in cash and cash equivalents	(48,661)	19,288
Cash and cash equivalents, at beginning of year	390,299	371,011
Cash and cash equivalents, at end of year	\$ 341,638	\$ 390,299
Schedule of Noncash Transactions		
Lease liabilities arising from obtaining right-of-use assets		
Operating leases	\$ 60,682	\$ -

The accompanying notes are an integral part of these financial statements.

Right From the Heart Ministries, Inc. Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Right From the Heart Ministries, Inc. (the Organization) is a nonprofit organization incorporated in Cobb County, Georgia in 1991. The mission of the Organization is to reach and disciple people for Jesus through media. The Organization is supported primarily through contributions from individuals.

Program services consist of costs associated with reaching, discipling and mentoring people for Jesus through the use of media, including videos, radio spots, books and social media.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the depreciable lives of property and equipment, right-of-use assets and lease liabilities and the allocation of expenses among program and supporting services.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of customers to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Accounts receivable at September 30, 2023 and 2022 totaled \$13,906 and \$5,202, respectively and are considered fully collectible. The Organization expects to collect these receivables in the subsequent fiscal year.

Right From the Heart Ministries, Inc. **Notes to Financial Statements**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Organization leases office space and a vehicle. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment, and other liabilities on the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses its risk free rate based on the information available at commencement date in determining the present value of the lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for a salary reserve fund, special projects fund and ministry travel fund.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Right From the Heart Ministries, Inc.

Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from book and CD sales and direct donor benefits from special events under various contracts are recognized as revenue when performance obligation under the terms of the contracts with customers are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position. There were no performance obligation liabilities at September 30, 2023 and 2022.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries and benefits, office expenses, insurance, and other are allocated based on percentages of time spent in each functional area. Utilities, equipment maintenance and depreciation are allocated on a square footage basis across functional areas.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended September 30, 2023 and 2022, advertising costs totaled \$9,248 and \$ 4,206, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. For the years ended September 30, 2023 and 2022, the Organization did not have any unrelated business income.

Right From the Heart Ministries, Inc. Notes to Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2023 and 2022, the Organization has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 4, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification (ASC) 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of the ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective October 1, 2022 and recognized and measured leases existing at, or entered into after, October 1, 2022 using a modified retrospective approach, with certain practical expedients available.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as capital leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on October 1, 2022 lease liabilities of \$148,581, which represents the present value of the remaining operating lease payments of \$148,581, and a right of use assets of \$148,581.

The standard had a material impact on the Organization's statements of financial position, but did not have an impact on the statements of activities, nor on the statements of cash flows. The most significant impact was the recognition of the ROU assets and lease liabilities for operating leases.

Right From the Heart Ministries, Inc.
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual, board designated or donor-imposed restrictions.

<i>December 31,</i>	2023	2022
Total assets at year end	\$ 457,852	\$ 450,491
Less non-financial assets		
Prepaid rent	(12,209)	(7,012)
Operating lease right-of-use assets, net	(60,682)	-
Property and equipment, net	(29,417)	(47,978)
Financial assets at year-end	355,544	395,501
Less those not available for general expenditures within one year, due to board designated or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(227,750)	(154,245)
Board designations	(19,392)	(47,590)
Financial assets available to meet cash needs for general expenditures within one year	\$ 108,402	\$ 193,666

The Organization is principally supported by contributions. The goal of the Organization is to maintain available financial assets to meet its next 90 days of operating expenses.

Note 4: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at September 30, 2023 and 2022:

	Estimated Useful Lives (in years)	2023	2022
Equipment	3-7	\$ 73,554	\$ 72,469
Website	5	42,000	42,000
Leasehold improvements	5	40,343	40,343
Total depreciable property and equipment		155,897	154,812
Less accumulated depreciation		(126,480)	(106,834)
Total property and equipment, net		\$ 29,417	\$ 47,978

Depreciation for the years ended September 30, 2023 and 2022, amounted to \$19,646 and \$20,765, respectively.

Right From the Heart Ministries, Inc.
Notes to Financial Statements

Note 5: LEASES

The Organization has operating leases for office space and a vehicle. The leases have remaining lease terms of one year.

The components of lease expense consist of the following:

<u>For the year ended September 30,</u>	<u>2023</u>
Operating lease cost	\$ 87,899

Weighted average remaining lease term and discount rates consist of the following:

<u>For the year ended September 30,</u>	<u>2023</u>
Weighted average remaining lease term	
Operating leases	1 year
Weighted average discount rate	
Operating leases	4.12%

Future minimum lease payments under non-cancellable leases as of September 30, 2023 are as follows:

<u>For the year ending September 30,</u>	
2024	\$ 60,682
Present value of lease liabilities	\$ 60,682

Leases were accounted for under FASB ASC 840 during the year ended September 30, 2022. The Organization leases certain equipment and office space under non-cancellable operating leases.

Future minimum lease payments under the operating leases as of September 30, 2022, for future years were as follows:

<u>For the years ending September 30,</u>	
2023	\$ 87,899
2024	60,682
Total future minimum lease payments	\$ 148,581

Right From the Heart Ministries, Inc.
Notes to Financial Statements

Note 6: NET ASSETS

A summary of net assets without donor restrictions consists of the following:

<i>September 30,</i>	2023	2022
Undesignated	\$ 116,811	\$ 165,479
Board designated		
Salary reserve fund	6,122	17,522
Special projects fund	3,083	3,768
Ministry travel funds	10,187	21,952
Total net assets without donor restrictions	\$ 136,203	\$ 208,721

A summary of net assets with donor restrictions consists of the following:

<i>September 30,</i>	2023	2022
Ministers Israel trip	\$ 204,373	\$ -
Mentoring and video projects in Israel	23,377	154,245
Total net assets with donor restrictions	\$ 227,750	\$ 154,245

A summary of the release of donor restrictions consists of the following:

<i>For the years ended September 30,</i>	2023	2022
Ministers Israel trip	\$ 8,627	\$ -
Mentoring and video projects in Israel	5,812	1,810
Total net assets released from donor restrictions	\$ 14,439	\$ 1,810

Note 7: REVENUE

The Organization recognizes revenues at a point in time for any book and CD sales, trips or special events that it conducts. As of September 30, 2023 and 2022, there were no performance obligations to be satisfied. The Organization's method of recognizing revenue is the input method for performance obligations to be utilized at a point in time.

Note 8: CONCENTRATIONS

The Organization maintains cash deposits with financial institutions at September 30, 2023 and 2022, in excess of federally insured limits of \$42,814 and \$111,026, respectively.

Right From the Heart Ministries, Inc.
Notes to Financial Statements

Note 9: DEFINED CONTRIBUTION PLAN

The Organization participates in a pension plan administered by Guidestone Financial Resources of the Southern Baptist Convention. The plan is a defined-contribution plan whereby the Organization contributes a percentage of each employee's annual salary. The Organization's contribution to the plan on behalf of its executive director equals 10% of the employee's annual salary upon employment. Contributions on behalf of the Organization's support staff begin after three years of service at 3% of their annual salary and increase 1% annually to a maximum contribution of 5% of their annual salary. The expense incurred by the Organization as a participant in the plan for the years ended September 30, 2023 and 2022 was \$89,942 and \$67,808, respectively.