

RIGHT FROM THE HEART MINISTRIES, INC.

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2021 AND 2020

RIGHT FROM THE HEART MINISTRIES, INC.

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## INDEPENDENT AUDITOR'S REPORT

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

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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, 2021 and 2020, 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.

Atlanta, Georgia  
November 16, 2021

*Brooks, McGinnis & Company, LLC*

RIGHT FROM THE HEART MINISTRIES, INC.  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 371,011	\$ 262,997
Due from related party	4,961	-
Stocks in transit	6,181	-
Prepaid expenses	6,324	2,902
Property and equipment, net	68,743	86,290
Total assets	\$ 457,220	\$ 352,189
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 60,109	\$ 67,925
Accrued expenses	25,926	37,288
	86,035	105,213
Net assets:		
Without donor restrictions:		
Expended for property and equipment, net	68,743	86,290
Board designated	47,590	79,429
Available for operations	104,136	30,541
Total net assets without donor restrictions	220,469	196,260
Total net assets with donor restrictions	150,716	50,716
Total net assets	371,185	246,976
Total liabilities and net assets	\$ 457,220	\$ 352,189

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

RIGHT FROM THE HEART MINISTRIES, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Changes in net assets without donor restrictions:		
Revenues, gains and support:		
Contributions	\$ 1,348,779	\$ 1,305,126
Support from Johnson Ferry Baptist Church, Inc.	247,603	285,725
Book and CD sales	7,131	1,504
Special events (net of direct costs of \$47,844 and \$45,844, respectively)	80,946	55,566
Interest income	-	39
Net assets released from restrictions	-	62
Total revenues, gains and support	1,684,459	1,648,022
Expenses:		
Program services	1,347,019	1,270,739
Supporting services:		
Management and general	224,533	223,474
Fundraising	88,698	95,595
Total supporting services	313,231	319,069
Total expenses	1,660,250	1,589,808
Increase in net assets without donor restrictions	24,209	58,214
Changes in net assets with donor restrictions:		
Contributions	100,000	17,975
Net assets released from restrictions	-	(62)
Increase in net assets with donor restrictions	100,000	17,913
Increase in net assets	124,209	76,127
Net assets at beginning of year	246,976	170,849
Net assets at end of year	\$ 371,185	\$ 246,976

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

RIGHT FROM THE HEART MINISTRIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and personnel	\$ 368,434	\$ 182,088	\$ 79,341	\$ 629,863
Radio communications	578,531	-	-	578,531
Television and video communications	129,091	-	-	129,091
Advertising and promotion	1,347	-	9,271	10,618
Internet spots	40,529	-	-	40,529
Book and CD	21,493	-	-	21,493
Telephone and equipment rental	47,025	-	-	47,025
Printing	18,757	-	-	18,757
Office lease	70,795	-	-	70,795
Professional fees	2,887	31,393	-	34,280
Liability insurance	-	4,317	-	4,317
Office and computer supplies	16,773	-	-	16,773
Travel	16,524	-	-	16,524
Food and beverage	-	6,735	86	6,821
Depreciation	20,704	-	-	20,704
Other	14,129	-	-	14,129
	<u>\$ 1,347,019</u>	<u>\$ 224,533</u>	<u>\$ 88,698</u>	<u>\$ 1,660,250</u>
Total expenses				
Percentages	<u>81%</u>	<u>14%</u>	<u>5%</u>	<u>100%</u>

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

RIGHT FROM THE HEART MINISTRIES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and personnel	\$ 412,706	\$ 190,893	\$ 78,038	\$ 681,637
Radio communications	539,197	-	-	539,197
Television and video communications	94,293	-	-	94,293
Advertising and promotion	5,068	-	17,252	22,320
Internet spots	24,176	-	-	24,176
Book and CD	14,262	-	-	14,262
Telephone and equipment rental	26,054	-	-	26,054
Printing	25,652	-	-	25,652
Office lease	72,333	-	-	72,333
Professional fees	11,776	28,713	-	40,489
Liability insurance	-	3,868	-	3,868
Office and computer supplies	17,590	-	-	17,590
Travel	6,093	-	-	6,093
Food and beverage	5,569	-	305	5,874
Depreciation	10,940	-	-	10,940
Other	5,030	-	-	5,030
	<u>\$ 1,270,739</u>	<u>\$ 223,474</u>	<u>\$ 95,595</u>	<u>\$ 1,589,808</u>
Total expenses	<u>\$ 1,270,739</u>	<u>\$ 223,474</u>	<u>\$ 95,595</u>	<u>\$ 1,589,808</u>
Percentages	<u>80%</u>	<u>14%</u>	<u>6%</u>	<u>100%</u>

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

RIGHT FROM THE HEART MINISTRIES, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 124,209	\$ 76,127
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	20,704	10,940
Change in assets and liabilities:		
(Increase) in prepaid expenses	(3,422)	-
(Increase) in stocks in transit	(6,181)	-
(Increase) decrease in due from related party	(4,961)	1,702
Decrease in accounts payable	(7,816)	(4,806)
Increase (decrease) in accrued expenses	(11,362)	7,465
Total adjustments	(13,038)	15,301
Net cash provided by operating activities	111,171	91,428
Cash flows from investing activities:		
Reimbursement receivable - leasehold improvements	-	25,000
Accounts payable - leasehold improvements	-	(65,343)
Purchase of property and equipment	(3,157)	(53,279)
Net cash used in investing activities	(3,157)	(93,622)
Net increase (decrease) in cash and cash equivalents	108,014	(2,194)
Cash and cash equivalents, beginning of year	262,997	265,191
Cash and cash equivalents, end of year	\$ 371,011	\$ 262,997

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

RIGHT FROM THE HEART MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies

Organization

The accompanying financial statements include the accounts of Right From the Heart Ministries, Inc. (the Ministry), a nonprofit organization. The Ministry was established in 1991 and is located in Cobb County, Georgia. The Ministry is supported primarily through contributions from individuals. The Ministry's defined mission is to reach and disciple people for Jesus Christ through the use of media.

Method of Reporting

The Ministry's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Ministry reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. Items that affect (i.e., increase or decrease) this net asset category include contributions without donor restrictions, investment income, and related expenses associated with the Ministry's core activities. At times, the governing board may earmark otherwise net assets without donor restrictions for a specified purpose. Since this is not a donor-imposed restriction, the designated asset is classified and reported a part of net assets without donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Unconditional promises to give and contributions received are recorded as contributions either with or without donor restrictions depending on the existence or nature of donor restrictions which limit the use of the donated assets.

RIGHT FROM THE HEART MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

Contributions – Continued

Accordingly, the Ministry reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions and unconditional promises to give which do not have donor restrictions as to purpose or time are classified as contributions and pledges receivable without donor restrictions.

The Ministry records gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Land held for sale, other assets and marketable securities acquired by gift are recorded at their fair market value on the date of receipt. No amounts have been reflected in the financial statements for donated services; however, a substantial number of volunteers have donated significant amounts of their time to the Ministry's programs and supporting services. If donated services received either created or enhanced non-financial assets or required specialized skills which would need to be purchased if not donated, the value of those donated professional services would be recorded.

Cash and Cash Equivalents

The Ministry considers all cash investments and highly liquid investments with maturities of three months or less to be cash equivalents.

Property and Equipment

It is the policy of the Ministry to capitalize property and equipment in excess of \$1,000. The cost of the property, or fair market value as of the date of receipt if donated, is depreciated over the estimated useful lives of the related assets using the straight-line method. Ministry property is depreciated over lives ranging from 3 to 7 years.

Advertising Expenses

It is the policy of the Ministry to expense advertising costs as incurred.

RIGHT FROM THE HEART MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include utilities, equipment maintenance, and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, office expenses, insurance, and other which are allocated on the basis of estimates of time and effort.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Exempt Status

The Ministry is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as an organization other than a private foundation. Income from certain activities not directly related to the Ministry's tax-exempt purpose is subject to taxation as unrelated business income. For the years ended September 30, 2021 and 2020, the Ministry did not have any unrelated business income, and accordingly, no unrelated business income tax. The Ministry believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Ministry's income tax returns are subject to examination by the appropriate regulatory authorities for all open years, which typically include the last three years filed.

Concentration of Credit Risk

The Ministry maintains a bank account with one financial institution. The balance in the Ministry's bank account, as reflected in the bank's records, is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Ministry's bank balances exceeded the FDIC limit by \$90,926 and \$45,123 as of September 30, 2021 and 2020, respectively.

RIGHT FROM THE HEART MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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1. Nature of Organization and Significant Accounting Policies – Continued

Risks and Uncertainties

During the year ended September 30, 2021 and 2020, the global coronavirus pandemic threatened to deeply harm global growth. This has affected the U.S. and global equity markets, as well as eroded consumer confidence and deepened unemployment. It is uncertain how this volatility in the financial markets and general economic conditions may affect the Ministry's operations in the future.

While the Ministry believes it has the resources to continue its programs, its ability to do so, and the extent to which they each continue are heavily dependent on public support. The strength of public support may be dependent on current and future overall economic conditions.

Reclassification of Amounts

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

Subsequent Events

Subsequent events have been evaluated through November 16, 2021, which is the date the financial statements were available to be issued. There were no significant subsequent events that required recognition or disclosure in the financial statements.

2. Liquidity and Availability of Financial Assets

The Ministry is supported primarily by contributions without donor restrictions and support from Johnson Ferry Baptist Church, Inc. However, the Board may designate amounts for various programs or specific purposes. The Ministry maintains those board designated funds so they are available to meet the specific designations until they are spent or re-designated by the Board. General expenditures may be incurred for program, administrative, or fundraising purposes.

RIGHT FROM THE HEART MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

2. Liquidity and Availability of Financial Assets – Continued

The Ministry’s financial assets at September 30 (reduced by amounts Board designated or donor restricted for specific use) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 371,011	\$ 262,997
Due from related party	4,961	-
Stocks in transit	<u>6,181</u>	<u>-</u>
Total financial assets	382,153	262,997
Less:		
Board designated cash	(47,590)	(79,429)
Donor restricted cash	<u>(150,716)</u>	<u>(50,716)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 183,847</u>	<u>\$ 132,852</u>

The Ministry structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Ministry holds its cash in deposit accounts.

3. Property and Equipment, Net

Property and equipment consist of the following as of September 30:

	<u>2021</u>	<u>2020</u>
Camera and video equipment	\$ 10,497	\$ 10,497
Computer and office equipment	61,972	58,815
Website	42,000	42,000
Leasehold improvements	<u>40,343</u>	<u>40,343</u>
	154,812	151,655
Less accumulated depreciation	<u>(86,069)</u>	<u>(65,365)</u>
Total property and equipment, net	<u>\$ 68,743</u>	<u>\$ 86,290</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$20,704 and \$10,940, respectively.

RIGHT FROM THE HEART MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021 AND 2020

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4. Board Designated Net Assets

Board designated net assets are funds that have been designated by the Ministry for use in specific areas. Board designated net assets consist of the following as of September 30:

	2021	2020
Salary reserve fund	\$ 28,922	\$ 43,250
Special projects fund	13,573	36,179
Ministry travel funds	5,095	-
Total board designated net assets	\$ 47,590	\$ 79,429

5. Net Assets With Donor Restrictions

Net assets with donor restrictions as of September 30, 2021 and 2020 are comprised of funds the Ministry has received for mentoring and video projects to be conducted in Israel. These funds totaled \$150,716 and \$50,716 as of September 30, 2021 and 2020, respectively. Net assets released from restrictions for these purposes totaled \$62 for the year ended September 30, 2020. There were no net assets released from restrictions for these purposes for the year ended September 30, 2021.

6. Lease Commitments

The Ministry has a building lease for office and storage space and a vehicle. Total rent expense for these leases for the years ended September 30, 2021 and 2020 was \$78,716 and \$72,333, respectively.

The future minimum rental commitments under these non-cancelable operating leases that have initial non-cancelable lease terms in excess of one year are as follows:

Year Ending September 30:	
2022	\$ 85,611
2023	87,899
2024	60,682
Total	\$ 234,192

RIGHT FROM THE HEART MINISTRIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
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7. Retirement Plan

The Ministry participates in a pension plan administered by Guidestone Financial Resources of the Southern Baptist Convention. The plan is a defined-contribution plan whereby the Ministry contributes a percentage of each employee's annual salary. The Ministry'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 Ministry'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 Ministry as a participant in the plan for the years ended September 30, 2021 and 2020 was \$63,161 and \$31,748, respectively.

The Ministry, also through its business relationship with Johnson Ferry Baptist Church, Inc., provides its employees with a 409(a) Nonqualified Deferred Compensation Plan. The plan is administered by Guidestone Financial Resources of the Southern Baptist Convention. The purpose of the plan is to provide additional compensation to participants upon termination of employment or service with the Ministry. Contributions to the plan are determined by consultation with qualifying employees. The expenses incurred by the Ministry as a participant in the plan for both of the years ended September 30, 2021 and 2020, was \$2,692.