

**RELIGIOUS FREEDOM COALITION**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2018**

# RELIGIOUS FREEDOM COALITION

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# GB Company LLC - VA

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Religious Freedom Coalition  
Fredericksburg, Virginia

We have audited the accompanying financial statements of Religious Freedom Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 auditors' 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 Religious Freedom Coalition as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***GB Company LLC - VA***

Alexandria, Virginia  
April 29, 2019

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**RELIGIOUS FREEDOM COALITION**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018

**Assets**

Current assets	
Cash and cash equivalents	\$ 165,086
Investments	198,853
Accounts receivable	7,355
Prepaid expenses	<u>4,724</u>
Total current assets	376,018
Property and equipment	
Furniture and fixtures	12,624
Computer equipment	<u>16,888</u>
	29,512
Less accumulated depreciation	<u>(18,793)</u>
Total property and equipment	10,719
Security deposit	<u>1,313</u>
Total assets	<u><u>\$ 388,050</u></u>

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	<u>\$ 25,599</u>
Total liabilities	25,599
Net assets	
Without donor restrictions	<u>362,451</u>
Total net assets	<u>362,451</u>
Total liabilities and net assets	<u><u>\$ 388,050</u></u>

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

**RELIGIOUS FREEDOM COALITION**  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

**Revenue**

Contributions	\$ 1,925,333
List rental	14,913
Investment losses, net (note 7)	<u>(1,665)</u>

Total revenue 1,938,581

**Expenses**

Program services 1,536,842

Supporting services

General and administrative	220,799
Fundraising	<u>256,189</u>

Total supporting services 476,988

Total expenses 2,013,830

**Change in net assets** (75,249)

**Net assets, beginning of year** 437,700

**Net assets, end of year** \$ 362,451

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

**RELIGIOUS FREEDOM COALITION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (75,249)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	1,692
Net (appreciation) in fair value of investments	7,483
Changes in operating assets and liabilities:	
Accounts receivable	90
Prepaid expenses	(164)
Accounts payable	<u>(4,658)</u>
Net cash provided by (used in) operating activities	<u>(70,806)</u>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	(4,736)
Purchase of investments	(365,698)
Proceeds from sale of investments	<u>164,156</u>
Net cash provided by (used in) investing activities	<u>(206,278)</u>
<b>Cash flows from financing activities</b>	
Repayment of loans to officers	<u>64,843</u>
Net cash provided by (used in) financing activities	<u>64,843</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(212,241)
<b>Cash and cash equivalents, beginning of year</b>	<u>377,327</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 165,086</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	<u><u>\$ 637</u></u>

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

**RELIGIOUS FREEDOM COALITION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Contributions	\$ 462,560	\$ -	\$ -	\$ 462,560
Postage and shipping	341,717	17,824	89,502	449,043
Printing and publications	335,677	3,123	94,895	433,695
Salaries	147,191	109,469	42,484	299,144
List rental	85,028	-	19,945	104,973
Consulting fees	56,550	18,850	-	75,400
Travel	32,554	117	-	32,671
Occupancy	19,143	8,545	2,900	30,588
Payroll taxes	13,731	6,865	2,288	22,884
Professional fees	-	22,554	-	22,554
Website and IT services	6,507	912	813	8,232
Employee benefits	8,239	4,929	349	13,517
Bank and merchant fees	-	13,084	-	13,084
Office supplies	5,898	2,147	895	8,940
Communication	4,406	1,603	668	6,677
State registrations	-	4,931	-	4,931
Auto expenses	3,567	951	238	4,756
Dues	3,770	471	471	4,712
Equipment maintenance	2,678	974	406	4,058
Meals and entertainment	1,960	1,960	-	3,920
Conference and conventions	3,500	-	-	3,500
Depreciation	1,117	406	169	1,692
Insurance	561	204	85	850
Other expenses	488	243	81	812
Interest	-	637	-	637
	<u>\$ 1,536,842</u>	<u>\$ 220,799</u>	<u>\$ 256,189</u>	<u>\$ 2,013,830</u>

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

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**NOTE 1 DESCRIPTION OF THE ORGANIZATION**

Religious Freedom Coalition (the Organization) is a non-profit educational organization head quartered in Washington D.C. Founded in 1982, Religious Freedom Coalition is dedicated to the equality of all mankind and the freedom of religious expression. Religious Freedom Coalition maintains that Religious Freedom is the "first liberty" and wherever Religious Freedom is suppressed there is no true freedom of assembly, press or speech.

**Description of Programs**

Diapers for Refugees: Through this program, millions of diapers are distributed to displaced and persecuted Christian refugee families for their babies and toddlers each year. Disposable diapers are now delivered to families living in homes looted by the Islamic State. Adult diapers are supplied to special needs adult refugees and IDP's in Jordan and Iraq.

Christmas for Refugees: The program provides Christmas celebrations for the children of Christian families who have been driven from their homes in several nations in the Middle East and Nigeria. Children enjoy singing, dancing, coloring contests, a warm meal and a gift that they can use during the cold weather, such as a hoodie or blanket. In 2018 programs were held for more than 20,000 children in Syria, Iraq, Jordan, Lebanon and Nigeria.

Nigeria Outreach: Support of an orphanage in Plateau State, Nigeria that houses Christian children whose families have been murdered by Islamic terrorist groups. In 2018 assistance included a new water system with new wells, a water tower, and modern sanitary facilities. Currently a farm project has begun to assist the children by supporting their food needs. Also, water pumps and other support was given to farming villages where massacres occurred, and aid was supplied to IDP camps in Benue State.

General Christian refugee aid: IDP camps in northern Iraq have been supplied with diesel fuel and water. In Jordan a summer camp for Christian children has been supported for many years. The water system has been replaced, mattresses replaced, roofs replaced, a state-of-the-art water system installed, and new security systems and kitchen equipment furnished.

Capitol Hill Activities - HR-390 Petition: In 2018, Religious Freedom Coalition supported the *Iraq and Syria Genocide Emergency Relief and Accountability Act* (H.R. 390). Previously Religious Freedom Coalition had assisted in the formation of the International Religious Freedom Commission. Meetings are held with congressmen, senators and the White House to promote religious freedom and to expose the abuse of Christians' rights throughout the world.



**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**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.

**Basis of Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor or grantor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**Promises to Give**

Unconditional promises to give are recognized as assets and revenue in the period the promise is received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Tax Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. As of December 31, 2018, the Organization has determined that no income taxes are due from its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are reflected in the financial statements at cost. Donated property and equipment are stated at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	5 years
Furniture and fixtures	7 years

The Organization's policy is to capitalize major additions and improvements over \$2,500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred. Improvements and repairs which extend the life or increase the value of the property and equipment are capitalized. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation is relieved and any gain (loss) is included in other income (expense) in the year the disposal occurs.

**Functional Expenses**

The costs of the Organization's programs and supporting services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenses incurred. Salaries and benefits are allocated among program, fundraising, and general and administrative classifications based on staff time, duties and responsibilities. The remaining costs are specifically allocated whenever practical or based on management's estimates.

**Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Fair Value Measurements**

Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Assets and liabilities that are required to be recorded at fair value in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

*Level 1:* These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.

As of December 31, 2018, these assets include mutual funds.

*Level 2:* These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means

As of December 31, 2018, there are no Level 2 assets or liabilities.

*Level 3:* These are assets and liabilities where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of December 31, 2018, there are no Level 3 assets or liabilities.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and the current risk-free investment interest rate.

**RELIGIOUS FREEDOM COALITION**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts reported on the accompanying financial statements for cash, accounts receivable, prepaid expenses, and accounts payable approximate their respective fair value.

**NOTE 4 CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in bank deposit account which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC).

**NOTE 5 ALLOCATION OF JOINT COSTS**

During 2018, as part of its public awareness activities, the Organization has incurred joint costs of \$933,813 for informational activities that included a fundraising appeal. These costs have been allocated as following: \$731,423 to program services, \$6,135 to general and administrative and \$196,255 to fundraising.

**NOTE 6 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash and cash equivalents	\$ 165,086
Investments	198,853
Accounts receivable	<u>7,355</u>
Total Financial Assets	<u><u>\$ 371,294</u></u>

**RELIGIOUS FREEDOM COALITION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 7 INVESTMENTS**

Investments are measured and recorded on a recurring basis at fair value and have been categorized based upon the fair value hierarchy as of December 31, 2018.

Investments consist of the following as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Mutual funds				
Equities	\$ 114,752	\$ -	\$ -	\$ 114,752
Bonds	84,101	-	-	84,101
Total	\$ 198,853	\$ -	\$ -	\$ 198,853

Investment income (losses) from these investments consists of the following as of December 31, 2018:

Interest and dividends		\$	4,573
Realized gains (losses)			(1,261)
Unrealized gains (losses)			(4,730)
Investment fees			(247)
Total		\$	(1,665)

**NOTE 8 OPERATING LEASES**

In April 2015, Religious Freedom Coalition signed a lease that commenced July 1, 2015 and continues through June 30, 2018 and has been extended through June 30, 2019. The future minimum lease payments through June 2019 total \$12,167.

Total rent expense was \$23,979 for the year ended December 31, 2018.

**NOTE 9 SUBSEQUENT EVENTS**

Management of the Organization has evaluated events through April 29, 2019, the date the financial statements were available to be issued and determined that there were no events occurring subsequent to December 31, 2018, that would have a material impact on the Organization's results of operations or financial position as of December 31, 2018.