

RIGHT SHARING OF WORLD RESOURCES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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RIGHT SHARING OF WORLD RESOURCES, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals for 2018</u>	<u>Totals for 2017</u>
ASSETS					
Cash on Hand	\$ 12,275	\$ 0	\$ 0	\$ 12,275	\$ 4,129
Checking	80,852	0	0	80,852	96,304
Savings	63,856	0	0	63,856	175,738
Money Market	24,528	0	217,472	242,000	242,000
Investments	1,570,783	0	0	1,570,783	1,371,620
Pledges Receivable	37,310	0	0	37,310	92,710
Accounts Receivable	8,046	0	0	8,046	0
Note Receivable	13,931	0	0	13,931	18,125
Prepaid Expenses	884	0	0	884	854
Computer	6,722	0	0	6,722	14,196
Less: Accumulated Depreciation	(2,516)	0	0	(2,516)	(10,329)
Deposits	0	0	0	0	950
TOTAL ASSETS	<u>\$ 1,816,671</u>	<u>\$ 0</u>	<u>\$ 217,472</u>	<u>\$ 2,034,143</u>	<u>\$ 2,006,297</u>
 LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	\$ 4,083	\$ 0	\$ 0	\$ 4,083	\$ 5,719
Credit Card Payable	986	0	0	986	5,938
Payroll Taxes and Amounts Withheld and Payable	12,727	0	0	12,727	4,812
Grants Payable	9,575	0	0	9,575	48,650
Notes Payable	0	0	217,472	217,472	217,472
TOTAL LIABILITIES	<u>27,371</u>	<u>0</u>	<u>217,472</u>	<u>244,843</u>	<u>282,591</u>
 NET ASSETS					
Unrestricted	1,789,300	0	0	1,789,300	1,723,706
Temporarily Restricted	0	0	0	0	0
Permanently Restricted	0	0	0	0	0
TOTAL NET ASSETS	<u>1,789,300</u>	<u>0</u>	<u>0</u>	<u>1,789,300</u>	<u>1,723,706</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,816,671</u>	 <u>\$ 0</u>	 <u>\$ 217,472</u>	 <u>\$ 2,034,143</u>	 <u>\$ 2,006,297</u>

SEE INDEPENDENT AUDITOR'S REPORT
AND NOTES TO FINANCIAL STATEMENTS

RIGHT SHARING OF WORLD RESOURCES, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals for 2018</u>	<u>Totals for 2017</u>
Support and Revenue					
Contributions	\$ 447,228	\$ 60,054	\$ 0	\$ 507,282	\$ 625,807
Inkind Donations	16,149	0	0	16,149	12,144
Interest Income	5,211	0	0	5,211	2,011
Investment Earnings	56,142	0	0	56,142	52,433
Change in Market Value of Investments	70,569	0	0	70,569	110,284
Miscellaneous Revenue	634	0	0	634	217
	<u>595,933</u>	<u>60,054</u>	<u>0</u>	<u>655,987</u>	<u>802,896</u>
Net Assets Released From Restrictions					
Satisfaction of Usage Restrictions	60,054	(60,054)	0	0	0
Total Support and Revenue	<u>655,987</u>	<u>0</u>	<u>0</u>	<u>655,987</u>	<u>802,896</u>
Functional Expenses					
Program Services	467,059	0	0	467,059	446,698
Administrative and General	25,466	0	0	25,466	22,469
Fundraising	97,868	0	0	97,868	83,864
Total Functional Expenses	<u>590,393</u>	<u>0</u>	<u>0</u>	<u>590,393</u>	<u>553,031</u>
INCREASE IN NET ASSETS	65,594	0	0	65,594	249,865
NET ASSETS AT BEGINNING OF THE YEAR	<u>1,723,706</u>	<u>0</u>	<u>0</u>	<u>1,723,706</u>	<u>1,473,841</u>
NET ASSETS AT END OF THE YEAR	<u>\$ 1,789,300</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,789,300</u>	<u>\$ 1,723,706</u>

SEE INDEPENDENT AUDITOR'S REPORT
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RIGHT SHARING OF WORLD RESOURCES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2018 and 2017

	<u>Program</u> <u>Services</u>	<u>Administrative</u> <u>and General</u>	<u>Fundraising</u>	<u>Totals for</u> <u>2018</u>	<u>Totals for</u> <u>2017</u>
Payroll and Related Expenses					
Salaries	\$ 78,176	\$ 15,906	\$ 52,572	\$ 146,654	\$ 120,640
Benefits	4,155	563	4,800	9,518	10,683
Payroll Taxes	6,928	1,438	4,705	13,071	10,127
	<u>89,259</u>	<u>17,907</u>	<u>62,077</u>	<u>169,243</u>	<u>141,450</u>
Other Expenses					
Advertising	1,243	62	249	1,554	2,659
Bank Service Charges	3,933	0	0	3,933	4,265
Board Expenses	13,282	996	2,324	16,602	13,781
Bulk Mail Services	360	18	72	450	0
Computer Related Expenses	2,506	358	716	3,580	2,893
Conferences, Conventions, Meetings	1,756	110	329	2,195	2,457
Contract Services	33,372	2,310	7,715	43,397	24,619
Depreciation	1,328	233	100	1,661	1,249
Fundraising	0	0	15,724	15,724	23,896
Grants to Projects	209,375	0	0	209,375	214,277
In Country Representation	74,292	0	0	74,292	66,306
Interest Expense	0	146	0	146	97
Meeting Outreach/Education	223	5	34	262	60
Memberships	0	336	0	336	209
Miscellaneous	0	146	0	146	0
Newsletter	15,243	339	1,355	16,937	14,256
Office Supplies	491	245	491	1,227	2,936
Payroll Service Fees	257	54	225	536	605
Postage	569	63	949	1,581	6,533
Remote Office	983	123	1,351	2,457	5,112
Rent	3,600	1,200	1,200	6,000	6,050
Staff Development	0	0	0	0	437
Taxes	0	25	0	25	0
Telecommunications	1,613	121	282	2,016	2,839
Travel	13,374	669	2,675	16,718	16,045
	<u>467,059</u>	<u>25,466</u>	<u>97,868</u>	<u>590,393</u>	<u>553,031</u>
TOTAL EXPENSES	\$ 467,059	\$ 25,466	\$ 97,868	\$ 590,393	\$ 553,031

SEE INDEPENDENT AUDITOR'S REPORT
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RIGHT SHARING OF WORLD RESOURCES, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 65,594	\$ 249,865
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	1,661	1,249
Change in Market Value of Investments	(70,569)	(110,284)
Decrease (Increase) in Pledges Receivable	55,400	(83,070)
(Increase) Decrease in Accounts Receivable	(8,046)	184
Decrease (Increase) in Note Receivable	4,194	(18,125)
Increase in Prepaid Expenses	(30)	(9)
Decrease in Deposits	950	950
Decrease in Accounts Payable	(1,636)	(5,923)
(Decrease) Increase in Credit Card Payable	(4,952)	5,938
Decrease in Grants Payable	(39,075)	(23,725)
Increase (Decrease) in Payroll Amounts Withheld and Payable	7,915	(3,452)
	<u>11,406</u>	<u>13,598</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>11,406</u>	<u>13,598</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of Investments	7,018	4,773
Purchase of Investments	(135,612)	0
Purchase of Equipment	(2,000)	(2,780)
	<u>(130,594)</u>	<u>1,993</u>
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(130,594)</u>	<u>1,993</u>
NET (DECREASE) INCREASE IN CASH	<u>(119,188)</u>	<u>15,591</u>
CASH BEGINNING OF YEAR	<u>518,171</u>	<u>502,580</u>
CASH END OF YEAR	<u>\$ 398,983</u>	<u>\$ 518,171</u>
SUPPLEMENTAL DISCLOSURES:		
Interest Paid	\$ 146	\$ 97

SEE INDEPENDENT AUDITOR'S REPORT
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RIGHT SHARING OF WORLD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS

Note #1 - Summary of Significant Accounting Policies

The summary of significant accounting policies of Right Sharing of World Resources, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of Operations - The Organization is a nonprofit organization that supports grassroots development and economic discipleship. The Organization works primarily with newly established and small development organizations around the world. The grants provided by the Organization support innovative income generating, awareness building, and environment regeneration projects. It is the Organization's philosophy that "God calls us to the right sharing of world resources, from the burden of materialism and poverty into the abundance of God's love, to work for equity through partnerships with our sisters and brothers throughout the world".

Financial Statement Presentation - The financial statements have been prepared in conformity with Statement of Financial Accounting Standard (SFAS) No. 117, "Financial Statements for Not-for-profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

1. Unrestricted - expendable funds for current operations, including board designated or appropriated amounts.
2. Temporarily restricted - funds temporarily restricted as to program purpose or time restrictions by the donor.
3. Permanently restricted - funds restricted by the donor that stipulates resources be maintained permanently but permits the organization to use part or all of the income derived from the donated assets. The Organization does not have any permanently restricted net assets. (See Note # 3)

Support and Revenue - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and is not considered to be a private foundation. Therefore, no provision for income taxes has been made in these financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the tax years ending June 30, 2016, 2017 and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Functional Allocation of Expenses - The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment - Equipment is 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 useful lives of the assets. Routine repairs and maintenance are expensed when incurred.

RIGHT SHARING OF WORLD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS

Note #1 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents - The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents.

Receivable and Payables - Receivables and Payables are shown in the statement of financial position. All are considered current. An allowance for uncollectible pledges is not considered necessary at this time.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising - All advertising costs are expensed as incurred.

Prior Year Amounts - The amounts shown for June 30, 2017 in the accompanying financial statements are presented to provide a basis for comparison with June 30, 2018.

Note #2 - Business and Support Concentrations

The Organization receives support from individuals, businesses, and other nonprofit organizations in Greater Cincinnati and Eastern Indiana area and nationwide. The Organization receives a substantial amount of its support from members of the Society of Friends (Quakers). The four largest donors gave \$28,000, \$15,110, \$15,000 and \$11,000 in the fiscal year ending June 30, 2018 and the four largest donors gave \$57,500, \$50,110, \$50,000 and \$20,500 in the fiscal year ending June 30, 2017. This represents 11% and 22% of total support and revenues for the years ending June 30, 2018 and 2017 respectively.

Note #3 - Notes Payable

Notes payable consisted of 9 loans for a total of \$217,472 as of June 30, 2018 and 2017. These noninterest bearing loans were made to the Organization by various individual and family supporters. The funds received from these supporters are permanently restricted. The loan covenants require that the principal be maintained in a separate interest-bearing account, and that the principal may not be spent. The interest is available for use by the Organization, and is transferred to the unrestricted account on a regular basis. The three largest loans as of June 30, 2018 were in the amounts of \$103,500, \$50,750 and \$30,000. The three largest loans as of June 30, 2017 were in the amounts of \$103,500, \$74,000 and \$20,000. These loans comprise 85% and 91% of the total loans outstanding as of June 30, 2018 and 2017, respectively. All of the loans are noninterest bearing, payable on demand, with 30 to 180 days notice, and with issue dates from 2004 through 2018.

Note #4 - Grants to Projects

For the years ended June 30, 2018 and 2017 grants of \$209,375 and \$214,277 respectively, were made to a variety of projects worldwide. These grants ranged in amount from \$3,775 to \$5,500 each.

Note #5 - Rent

The Organization signed a 2 year lease for office space, commencing March 1, 2015 at \$600 per month. The lease was renegotiated on June 1, 2016 for a smaller space at \$500 per month thru June 30, 2018. Rent expense for the years ending June 30, 2018 and 2017 was \$6,000 and \$6,050 respectively.

RIGHT SHARING OF WORLD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS

Note #5 – Rent (continued)

The Organization rented the same office space on a month to month lease from July 1, 2018 to August 31, 2018 at \$500 per month, while the lease was renegotiated. The Organization signed a 1 year lease on September 1, 2018 for 1 room at \$320 per month. The lease will terminate on August 31, 2019.

Lease obligations for the next two years ending June 30 are as follows:

2019	\$4,200
2020	640

Note #6 - Investments

Investments consist of funds invested with the Friends Fiduciary Corporation. This account was opened in 2008. The balance consists of the following:

	<u>2018</u>	<u>2017</u>
Cost Basis	\$ 1,198,976	\$ 1,068,664
Change in Market Value	<u>371.807</u>	<u>302.956</u>
Market Value	<u>\$ 1,570,783</u>	<u>\$ 1,371,620</u>

Note #7 – Concentration of Credit Risk

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2018 and 2017, the Organization’s uninsured cash balances were \$128,207 and \$266,704 respectively.

Note #8 - Inkind Donations

In addition to receiving cash contributions, the Organization receives inkind donations. It is the policy of the Organization to record the estimated fair market value of certain inkind donations as an expense in its financial statement, unless the inkind donation is a gift of furniture or equipment which is capitalized, and similarly increase donations. The value of these inkind donations is included in the financial statement and the corresponding expenses are as follows:

	<u>2018</u>	<u>2017</u>
Audit Fees	\$ 2,500	\$ 2,725
Postage	5	0
Equipment	2,000	0
Travel – Domestic	223	0
Travel – International	1,344	0
Board Expenses	<u>10,077</u>	<u>9,419</u>
	<u>\$ 16,149</u>	<u>\$ 12,144</u>

Note #9 – Pledges Receivable

Pledges Receivable consists of \$810 which is currently due and \$36,500 which is due by December 2019.

RIGHT SHARING OF WORLD RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS

Note #10 – Note Receivable and Related Accounts Receivable

The Organization lent \$20,618 to their Kenya representative for the purchase of a vehicle. Interest is at 4.5% with monthly P&I of \$366 maturing in August 2021 and secured by the vehicle. The balance was \$13,931 and \$18,125 as of June 30, 2018 and 2017, respectively. Interest received was \$1,210 and \$768 for the years ending June 30, 2018 and 2017, respectively.

Principle due over the next five years is as follows:

2019	\$ 3,836
2020	4,012
2021	4,197
2022	1,886

The loan is being administered by Friend United Meeting (FUM). FUM has collected the monthly payments but have not forwarded them to the Organization. As of June 30, 2018, the amount due from FUM was \$8,046.

Note #11 – Unrestricted Net Assets

Unrestricted Net Assets consist of the following:

Unrestricted Funds	\$ 1,575,800
Future Grants Pool	<u>213,500</u>
	<u>\$ 1,789,300</u>

The Future Grants Pool is a board designated fund. This fund is to insure that money will be available the following year to fund grants.

Note #12 - Evaluation of Subsequent Events

The Organization has evaluated subsequent events through September 26, 2018, the date which the financial statements were available to be issued.