



RIO GRANDE BIBLE INSTITUTE, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

RIO GRANDE BIBLE INSTITUTE, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses–2023	6
Statement of Functional Expenses–2022	7
Statements of Cash Flows	8
Notes to Financial Statements	10

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rio Grande Bible Institute, Inc.
Edinburg, Texas

Opinion

We have audited the accompanying financial statements of Rio Grande Bible Institute, Inc., which comprise the statements of financial position as of June 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 Rio Grande Bible Institute, Inc. as of June 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Rio Grande Bible Institute, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Rio Grande Bible Institute, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), as described in Note 2. The amendments in this update require organizations that lease assets to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by the leases. A lessee is required to recognize assets and liabilities for leases with terms of more than 12 months. The amendments are effective for private companies and private not-for-profit organization for years beginning after December 15, 2021, with early adoption permitted.

Responsibilities of Management 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, 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 Rio Grande Bible Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Trustees
Rio Grande Bible Institute, Inc.
Edinburg, Texas

Auditors' 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 auditors' 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 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 Rio Grande Bible Institute, 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 Rio Grande Institute, 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 audit.

Capin Crouse LLP

Irving, Texas
September 13, 2023

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Financial Position

	June 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 381,071	\$ 359,480
Investments	2,162,758	2,284,922
Assets held for capital projects:		
Cash and cash equivalents	-	150,000
Investments	57,590	612,524
Accounts receivable–net	99,563	50,794
Prepaid expenses and other assets	74,287	25,253
Operating lease–right of use asset	26,682	-
Finance lease–right of use asset	646,889	-
Property and equipment–net	8,296,127	7,287,207
Radio broadcast licenses	1,272,054	1,272,054
Investments held for endowment:		
Investments without donor restriction for endowment	1,839,706	2,111,611
Investments with donor restriction for endowment	585,758	561,649
Total Assets	\$ 15,442,485	\$ 14,715,494
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 333,609	\$ 287,012
Note payable	10,000	20,000
Deferred income and deposits	74,489	73,440
Operating lease obligation	27,592	-
Finance lease obligation	679,378	-
Life use property agreements	494,109	560,565
Annuities payable	589,718	645,092
Total liabilities	2,208,895	1,586,109
Net assets:		
Net assets without donor restrictions:		
Undesignated	10,013,661	9,013,447
Board-designated	1,839,706	2,111,611
	11,853,367	11,125,058
Net assets with donor restrictions:		
Restricted by purpose or time	830,223	1,464,327
Restricted in perpetuity	550,000	540,000
	1,380,223	2,004,327
Total net assets	13,233,590	13,129,385
Total Liabilities and Net Assets	\$ 15,442,485	\$ 14,715,494

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:						
General fund financial assets	\$ 502,652	\$ -	\$ 502,652	\$ 356,046	\$ -	\$ 356,046
Contributions of nonfinancial assets	259,400	-	259,400	103,575	-	103,575
Contributed services	1,796,274	-	1,796,274	1,793,895	-	1,793,895
Radio Esperanza	-	377,563	377,563	-	331,433	331,433
Missionary support	-	1,305,843	1,305,843	-	1,323,599	1,323,599
Special projects and scholarships	-	402,346	402,346	-	2,080,204	2,080,204
Bibleville and conference center	-	96,667	96,667	-	90,908	90,908
	<u>2,558,326</u>	<u>2,182,419</u>	<u>4,740,745</u>	<u>2,253,516</u>	<u>3,826,144</u>	<u>6,079,660</u>
REVENUE:						
Tuition and fees–net	863,975	-	863,975	684,384	-	684,384
Other program fees	215,833	-	215,833	227,164	-	227,164
Investment return–net	232,260	47,254	279,514	(487,866)	(73,682)	(561,548)
Campus sales	114,562	-	114,562	90,210	-	90,210
Change in value of annuities	40,736	-	40,736	(25,197)	-	(25,197)
(Loss) gain on sale of property and equipment	(14,500)	-	(14,500)	1,069,490	-	1,069,490
Other income	154,072	-	154,072	166,700	-	166,700
	<u>1,606,938</u>	<u>47,254</u>	<u>1,654,192</u>	<u>1,724,885</u>	<u>(73,682)</u>	<u>1,651,203</u>
Total Support and Revenue	<u>4,165,264</u>	<u>2,229,673</u>	<u>6,394,937</u>	<u>3,978,401</u>	<u>3,752,462</u>	<u>7,730,863</u>

(continued)

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Activities (continued)

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
RECLASSIFICATIONS:						
Purpose restrictions	2,650,291	(2,650,291)	-	2,691,712	(2,691,712)	-
Administrative assessments	203,486	(203,486)	-	295,416	(295,416)	-
	<u>2,853,777</u>	<u>(2,853,777)</u>	<u>-</u>	<u>2,987,128</u>	<u>(2,987,128)</u>	<u>-</u>
EXPENSES:						
Program services:						
Bible College	3,539,227	-	3,539,227	3,504,907	-	3,504,907
Radio Esperanza	784,738	-	784,738	709,083	-	709,083
Bibleville ministry	428,726	-	428,726	404,646	-	404,646
	<u>4,752,691</u>	<u>-</u>	<u>4,752,691</u>	<u>4,618,636</u>	<u>-</u>	<u>4,618,636</u>
Supporting activities:						
General and administrative	1,161,628	-	1,161,628	1,095,434	-	1,095,434
Fundraising	376,413	-	376,413	319,625	-	319,625
	<u>1,538,041</u>	<u>-</u>	<u>1,538,041</u>	<u>1,415,059</u>	<u>-</u>	<u>1,415,059</u>
Total Expenses	<u>6,290,732</u>	<u>-</u>	<u>6,290,732</u>	<u>6,033,695</u>	<u>-</u>	<u>6,033,695</u>
Change in Net Assets	728,309	(624,104)	104,205	931,834	765,334	1,697,168
Net Assets, Beginning of Year	<u>11,125,058</u>	<u>2,004,327</u>	<u>13,129,385</u>	<u>10,193,224</u>	<u>1,238,993</u>	<u>11,432,217</u>
Net Assets, End of Year	<u>\$ 11,853,367</u>	<u>\$ 1,380,223</u>	<u>\$ 13,233,590</u>	<u>\$ 11,125,058</u>	<u>\$ 2,004,327</u>	<u>\$ 13,129,385</u>

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Activities		Total Expenses
	Bible College	Radio Esperanza	Bibleville Ministry	Total	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,180,589	\$ 343,209	\$ 34,206	\$ 1,558,004	\$ 275,020	\$ 256,064	\$ 2,089,088
Volunteer labor	1,187,843	33,462	119,538	1,340,843	307,130	-	1,647,973
Depreciation and amortization	274,513	76,863	61,860	413,236	120,706	27,384	561,326
Travel and conferences	233,630	35,225	7,365	276,220	54,405	32,605	363,230
Utilities	137,735	59,597	52,826	250,158	57,355	10,167	317,680
Repairs and maintenance	239,124	81,913	55,651	376,688	30,940	4,975	412,603
Miscellaneous or other	16,212	48,518	8,419	73,149	103,170	2,578	178,897
Honorariums	50,067	24,172	36,645	110,884	3,070	1,020	114,974
Printing and postage	34,484	18,537	6,366	59,387	31,113	31,951	122,451
Office expense and supplies	33,813	4,854	24,969	63,636	53,530	4,024	121,190
Professional fees	21,999	4,436	740	27,175	52,564	7	79,746
Insurance	29,857	11,109	18,195	59,161	15,726	1,168	76,055
Internet, software, and technology	27,962	-	-	27,962	14,548	4,470	46,980
Cost of goods sold	39,975	-	-	39,975	23,999	-	63,974
Subscriptions and membership	31,424	42,843	1,946	76,213	18,352	-	94,565
Total expenses	\$ 3,539,227	\$ 784,738	\$ 428,726	\$ 4,752,691	\$ 1,161,628	\$ 376,413	\$ 6,290,732

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Supporting Activities		Total Expenses
	Bible College	Radio Esperanza	Bibleville Ministry	Total	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,182,026	\$ 339,797	\$ 36,756	\$ 1,558,579	\$ 275,057	\$ 229,410	\$ 2,063,046
Volunteer labor	1,256,120	26,250	119,538	1,401,908	322,923	-	1,724,831
Depreciation	282,587	46,638	56,703	385,928	84,108	28,493	498,529
Travel and conferences	198,929	38,642	8,998	246,569	52,420	20,406	319,395
Utilities	133,942	57,214	58,881	250,037	64,921	4,195	319,153
Repairs and maintenance	127,053	58,301	30,125	215,479	29,004	3,401	247,884
Miscellaneous or other	50,982	71,461	3,788	126,231	41,548	326	168,105
Honorariums	75,745	26,090	32,959	134,794	9,643	-	144,437
Printing and postage	25,651	11,860	20,033	57,544	31,927	23,807	113,278
Office expense and supplies	32,305	4,217	14,372	50,894	55,829	3,302	110,025
Professional fees	17,772	3,889	84	21,745	77,063	-	98,808
Insurance	46,567	12,775	22,161	81,503	13,001	1,130	95,634
Internet, software, and technology	23,662	307	32	24,001	18,699	4,102	46,802
Cost of goods sold	30,834	-	-	30,834	12,767	-	43,601
Subscriptions and membership	20,732	11,642	216	32,590	6,524	1,053	40,167
Total expenses	\$ 3,504,907	\$ 709,083	\$ 404,646	\$ 4,618,636	\$ 1,095,434	\$ 319,625	\$ 6,033,695

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 104,205	\$ 1,697,168
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	561,326	498,529
Non-cash effect of change in accounting principle	15,319	-
Capitalized contributed services	(148,300)	(69,064)
Donated property and equipment	(259,400)	-
Contributions restricted for capital projects	(75,296)	(875,083)
Contributions restricted for endowment	(10,000)	(30,000)
Maturities of charitable gift annuities	(32,379)	(898)
Charitable gift annuity actuarial change	(22,995)	(66,366)
Forgiveness of note payable	(10,000)	(20,000)
Loss (gain) on sale of property and equipment	14,500	(1,069,490)
Net realized and unrealized (gains) losses on investments	(146,840)	755,306
Changes in operating assets and liabilities:		
Accounts receivable	(48,769)	(10,896)
Estate receivable	-	254,950
Prepaid expenses and other assets	(49,034)	24,343
Accounts payable and accrued expenses	2,888	126,452
Deferred income and deposits	1,049	(9,144)
Life use property agreements	(66,456)	(78,080)
Net Cash Provided by Operating Activities	(170,182)	1,127,727
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(983,930)	(2,133,139)
Sales of investments	2,055,664	281,437
Sales of investments for charitable gift annuity payments	68,516	66,126
Purchases of radio license	-	(550,000)
Purchases of property and equipment	(1,109,252)	(624,271)
Proceeds from sale of property and equipment	6,357	1,141,328
Net Cash Used by Investing Activities	37,355	(1,818,519)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on finance lease	(12,362)	-
Contributions restricted for capital projects	75,296	875,083
Contributions restricted for endowment	10,000	30,000
Face value of new annuity agreements	-	125,000
Gift portion of new annuities	-	(74,406)
Payments to annuitants	(68,516)	(66,126)
Net Cash Provided by Financing Activities	4,418	889,551
Net Change in Cash and Cash Equivalents	(128,409)	198,759
Cash and Cash Equivalents, Beginning of Year	509,480	310,721
Cash and Cash Equivalents, End of Year	\$ 381,071	\$ 509,480

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Cash Flows (continued)

	Year Ended June 30,	
	2023	2022
SUPPLEMENTAL DISCLOSURES:		
Noncash forgiveness of note payable	\$ 10,000	\$ 20,000
Property and equipment acquired via accounts payable	\$ 43,709	\$ -
Right-of-use asset obtained in exchange for operating lease obligation	\$ 37,692	\$ -
Right-of-use asset obtained in exchange for finance lease obligation	\$ 677,331	\$ -
Interest paid related to finance lease	\$ 13,882	\$ -
 Cash, cash equivalents, and restricted cash consists of the following:		
Cash and cash equivalents	\$ 381,071	\$ 359,480
Cash held for capital projects	-	150,000
	\$ 381,071	\$ 509,480

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

1. NATURE OF ORGANIZATION:

Rio Grande Bible Institute, Inc. (the Ministry) was established in Edinburg, Texas and incorporated in the State of Texas as a not-for-profit corporation in July 1947.

Rio Grande Bible Institute, Inc. exists to develop Christ-centered leaders with a biblical worldview for the global church. It operates a Bible College, a Spanish language school, three radio stations, a Bible conference center, and other media ministries. Rio Grande Bible Institute, Inc. (the Ministry) operates these ministries under several assumed names including: RGBI, Instituto Biblico Rio Grande, Seminario Biblico Rio Grande, Rio Grande Bible College, Radio Esperanza, Bibleville, Renacer, Koinonia, and Rio Grande Bible Ministries.

The Ministry received accreditation from the Association for Biblical Higher Education in February 1999. In October 2008, the Texas Higher Education Coordinating Board authorized Rio Grande Bible Institute, Inc. to grant degrees, grant credits toward degrees, and to use certain protected academic terms in the State of Texas.

The Ministry is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation under section 509(a) of the code. The primary sources of revenue for the Ministry are contributions and tuition revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Ministry have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader. The preparation of the 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.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and saving accounts. These accounts may, at times, exceed federally insured limits. As of June 30, 2023 and 2022, the Ministry had \$63,285 and \$244,348 of cash balances that exceeded federally insured limits, respectively.

INVESTMENTS

The Ministry's investments consist of mutual funds held at fair value. Donated investments are recorded at fair value at the date of donation and thereafter carried in conformity with the stated policy. The fair value of mutual funds and exchange traded funds is based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the *Fair Value* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Investment income consists of income from interest and dividends as well as realized and unrealized gains and losses on investments. Investment income is reported in the statements of activities.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD FOR CAPITAL PROJECTS

Contributions received that are restricted by donors for expenditures related to capital projects have been segregated from cash and cash equivalents and investments, and shown in this category. The amounts for this purpose have also been recorded in net assets with donor restrictions.

ACCOUNTS RECEIVABLE–NET

The Ministry's accounts receivable are primarily due from students and are recorded at estimated net realizable value. Accounts are due at the end of the semester and students whose accounts are not current are not allowed to enroll in classes without special approval from the finance office. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgement, could influence the ability of account receivable recipients to repay amounts per the credit terms. Allowance for doubtful accounts for years ended June 30, 2023 and 2022, was \$26,310 and \$10,858, respectively.

OPERATING AND FINANCING LEASE–RIGHT OF USE ASSETS AND OBLIGATIONS

The Ministry adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting standard below) and its related amendments as of July 1, 2022, which resulted in the recognition of an operating lease right-of-use asset totaling \$26,682, and an operating lease obligation totaling \$27,592 as of June 30, 2023. The finance lease presented in the statements of financial position include an asset totaling \$646,889 and a lease obligation totaling \$679,378 as of June 30, 2023. The Ministry elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of July 1, 2022, without restatement of prior-year amounts. Right of use assets represent the Ministry's right to use the underlying asset for the lease term. Right of use assets and related obligations are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The additional lease disclosures can be found in Note 13.

PROPERTY AND EQUIPMENT–NET

Property and equipment purchased with a cost in excess of \$2,500 are capitalized at cost or, if donated, at fair value at the date of the gift. Depreciation is calculated using the straight-line method over estimated useful lives, ranging from 3 to 30 years.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RADIO BROADCAST LICENSES

Radio broadcast licenses consist of the licenses for the non-commercial radio stations, KRIO (AM), KOIR (FM), KRIO-FM, and KESO-FM located in Southeast, Texas and are recorded at cost. The Ministry has determined the licenses have indefinite lives, as renewing the licenses does not carry any specific requirements, therefore they are not amortized. The Ministry tests the licenses on an annual basis for impairment as no amortization is being recorded. Management has evaluated the radio broadcast licenses for impairment and no impairment was identified as of June 30, 2023 and 2022.

DEFERRED INCOME AND DEPOSITS

Deferred income consists of tuition and fees paid to the Ministry prior to services being rendered. Deferred income also consists of other program fees related to Bibleville maintenance fees paid to the Ministry prior to the fees being earned. Deposits consist of refundable security deposits for students and staff members living in campus housing.

LIFE USE PROPERTY AGREEMENTS

The Ministry leases the use of Bibleville and Rosehaven camper lots and other properties to various occupants for that person's lifetime. The occupants pay a contract amount at the inception of the agreement, and the agreement terminates at the time of the occupant's death. The Ministry records these payments as lifetime agreement liabilities at the time the individual pays for their lease. Revenue is recognized over the term of the agreement based on actuarial tables of the life expectancy of each individual.

ANNUITIES PAYABLE

The Ministry has established a gift annuity program whereby donors may contribute assets for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. This portion is calculated as the difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, and is recognized as contribution income without donor restrictions at the date of the gift. Upon the death of the annuitant, income distributions cease. The actuarial liability for annuities payable is calculated annually using mortality tables adopted by the IRS at an assumed rate of return of 4.75%. The resulting actuarial gain or loss is recorded as a component of change in value of annuities in the statements of activities.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those currently available for general operations under the direction of the board, those designated by the board for specific use and those resources invested in property and equipment.

Net assets with donor restrictions are those which are stipulated by donors for specific operating purposes or programs, those with time restrictions, those for the acquisition of property and equipment, unspent endowment earnings, or those not currently available for use in the Ministry's operations until commitments regarding their use have been fulfilled. These also include donor restrictions requiring the net assets be held in perpetuity as endowments.

All contributions are considered available for general use unless specifically restricted by the donor.

SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash or other assets are received or unconditionally promised. Revenues from the life use property agreements are reported as other program fees and other income over the life of the occupant. Tuition and fees include housing and other services provided to students for a fee. Scholarships awarded to students reduce the amount of revenue recognized. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed the student. Financial aid provided to students was \$134,731 and \$127,717 during the years ended June 30, 2023 and 2022, respectively. Tuition and fees are recognized as the performance obligation is met, which could incur deferred revenues for a performance obligation period that spans year-end.

The Ministry 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 a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, 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. The Ministry reports gifts of property and equipment as general operating support unless explicit donor stipulations specify how the donated assets must be used. Administrative assessments are included in reclassifications and range from 7% to 10% of the amount given, depending on the type of gift. 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.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The Ministry uses advertising to promote the bookstore and concerts.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities benefited. Depreciation is allocated based on usage, and costs of other categories are allocated on estimates of time and effort.

CONTRIBUTIONS OF NONFINANCIAL ASSETS AND CONTRIBUTED SERVICES

Donations of material, equipment, and other non-financial assets are recorded as support at their estimated fair value as of the date of donation. Contributions of services are recognized at fair market value if the services received create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. The Ministry would typically need to purchase these specialized services if the services were not donated. Services not satisfying the recognition criteria are not recognized.

Contributed nonfinancial assets and services recognized within the statements of activities consist of:

	Year Ended June 30,	
	2023	2022
Services	\$ 1,796,274	\$ 1,793,895
Library books	259,400	-
Vehicles	-	103,575
	<u>\$ 2,055,674</u>	<u>\$ 1,897,470</u>

All of the contributed nonfinancial assets and services were received without donor-imposed restrictions.

The Ministry receives contributed services for teaching, administrative functions, and construction. During the year ended June 30, 2023, the Ministry recorded \$1,796,274 of contributed services, of which \$148,300 was capitalized. During the year ended June 30, 2022, the Ministry recorded \$1,793,895 of contributed services, of which \$69,064 was capitalized. Contributed services are valued at the estimated fair value based on current rates for similar services.

The Ministry received a donation of library books during the year ended June 30, 2023, for use by the Ministry in the course of its operations. The fair value of these books were estimated based on an independent appraisal, which took into account the condition and material of each book (hard cover or soft cover).

The Ministry received several vehicle donations during the year ended June 30, 2022, for use by the Ministry in the course of its operations. No vehicles were restricted for use. The fair value of these vehicles were estimated based on the estimated sales price that would be received for selling similar vehicles.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The new guidance was adopted by the Ministry, effective July 1, 2022. Leases are classified as either operating or finance. The Ministry elected to adopt the transition relief provisions from ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts. The Ministry also elected to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosure can be found in Note 13.

RECLASSIFICATIONS

Certain prior year balances have been reclassified to conform with the current year presentation. These reclassifications had no effect on the change in assets, liabilities, or net assets for the year ended June 30, 2022. The following changes were made:

	Balance Prior to Change	Reclassifications	Balance After the Change
<u>Statements of Activities:</u>			
Support and revenue:			
General fund	\$ 459,621	\$ (103,575)	\$ 356,046
Contributions of nonfinancial assets	\$ -	\$ 103,575	\$ 103,575
Change in value of annuities payable	\$ 75,544	\$ (100,741)	\$ (25,197)
Other income	\$ 65,959	\$ 100,741	\$ 166,700
 <u>Statements of Cash Flows:</u>			
Cash flows from operating activities:			
Contributions restricted for capital projects	\$ -	\$ (875,083)	\$ (875,083)
Contributions restricted for endowment	\$ -	\$ (30,000)	\$ (30,000)
Maturities of charitable gift annuities	\$ -	\$ (898)	\$ (898)
Charitable gift annuity actuarial change	\$ 24,950	\$ (91,316)	\$ (66,366)
Forgiveness of note payable	\$ -	\$ (20,000)	\$ (20,000)
Cash flows from investing activities:			
Sales of investments for charitable gift annuity payments	\$ -	\$ 66,126	\$ 66,126
Cash flows from financing activities:			
Contributions restricted for capital projects	\$ -	\$ 875,083	\$ 875,083
Contributions restricted for endowment	\$ -	\$ 30,000	\$ 30,000
Face value of new annuity agreements	\$ 49,152	\$ 75,848	\$ 125,000
Gift portion of new annuities	\$ (95,677)	\$ 21,271	\$ (74,406)
Payments to annuitants	\$ 4,905	\$ (71,031)	\$ (66,126)
Payments on note payable	\$ (20,000)	\$ 20,000	\$ -

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

3. LIQUIDITY AND FINANCIAL RESOURCES:

The following reflects the Ministry's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year:

	June 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 381,071	\$ 359,480
Investments	2,162,758	2,284,922
Assets held for capital projects:		
Cash and cash equivalents	-	150,000
Investments	57,590	612,524
Accounts receivable—net	99,563	50,794
Investments held for endowment:		
Investments without donor restriction for endowment	1,839,706	2,111,611
Investments with donor restriction for endowment	585,758	561,649
Financial assets, at year-end	5,126,446	6,130,980
Less those not available for general expenditure within one year:		
Investments held in annuity reserves	(888,334)	(902,972)
Assets restricted for capital projects	(57,590)	(762,524)
Board-designated	(1,839,706)	(2,111,611)
Perpetual endowment and accumulated earnings, subject to appropriation beyond one year	(585,758)	(561,649)
	(3,371,388)	(4,338,756)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,755,058	\$ 1,792,224

As part of the Ministry's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2023 and 2022, the Ministry has \$308,415 and \$312,982, respectively, in net assets with donor restrictions for missionary support, and \$428,460 and \$367,172 in net assets with donor restrictions for other projects, respectively. These funds are considered available to meet needs for general expenditures within one year. Additionally, as of June 30, 2023 and 2022, the Ministry also has \$1,839,706 and \$2,111,611, respectively, of board-designated funds that could be used to fund operations if needed and released by the board.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

4. INVESTMENTS:

Investments consist of:

	June 30,	
	2023	2022
Exchange traded funds, at fair value	\$ 1,622,447	\$ 1,739,156
Mutual funds, at fair value	2,932,264	3,352,445
	4,554,711	5,091,601
Cash and cash equivalents, at cost	91,101	479,105
	<u>\$ 4,645,812</u>	<u>\$ 5,570,706</u>

	June 30,	
	2023	2022
Investments consist of:		
Other invested assets	\$ 3,757,478	\$ 4,667,734
Annuity investments, including reserves	888,334	902,972
	<u>\$ 4,645,812</u>	<u>\$ 5,570,706</u>

5. ACCOUNTS RECEIVABLE—NET:

Accounts receivable—net consist of:

	June 30,	
	2023	2022
Student receivables	\$ 114,950	\$ 43,971
Other receivables	10,923	17,681
	125,873	61,652
Less allowance for doubtful accounts	(26,310)	(10,858)
	<u>\$ 99,563</u>	<u>\$ 50,794</u>

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2023	2022
Land	\$ 851,462	\$ 861,462
Land improvements	3,386,478	3,211,827
Building and building improvements	10,427,076	10,427,076
Furniture, fixtures, and books	623,578	274,967
Equipment and vehicles	1,846,715	1,776,583
	<u>17,135,309</u>	<u>16,551,915</u>
Less accumulated depreciation	(9,956,905)	(9,547,153)
	<u>7,178,404</u>	<u>7,004,762</u>
Construction in progress	1,117,723	282,445
	<u><u>\$ 8,296,127</u></u>	<u><u>\$ 7,287,207</u></u>

7. NOTE PAYABLE:

During the year ended June 30, 2021, the Ministry received a \$40,000 loan from a board member, to be used to provide advances to missionaries for medical purposes. The loan is payable upon a 90-day demand and is non-interest bearing. If the lender recalls the loan and payments are not being made, a 5% interest rate will come into effect. The Ministry determined that any imputed interest on the loan would be immaterial overall to the financial statements. During the year ended June 30, 2023, \$10,000 of the principal amount was donated to the Ministry, therefore, reducing the loan balance to \$10,000. During the year ended June 30, 2022, \$20,000 of the principal amount was donated to the Ministry, therefore, reducing the loan balance to \$20,000.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of:

	June 30,	
	2023	2022
Operating	\$ 172,814	\$ 205,999
Radio Esperanza	106,251	115,476
Bibleville	166,415	132,711
Equity in property and equipment and radio broadcast licenses	9,568,181	8,559,261
Board-designated quasi endowment–capital projects	1,839,706	2,111,611
	\$ 11,853,367	\$ 11,125,058

The Ministry’s governing board through specific action has created self-imposed limits on net assets without donor restrictions. The board has set aside \$1,839,706 and \$2,111,611 as of June 30, 2023 and 2022, respectively, in a quasi endowment fund for capital projects. These net assets can be drawn upon if the board approves such action.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2023	2022
Subject to expenditure for specified purposes:		
Special projects and funds	\$ 361,245	\$ 330,176
Missionary support	308,415	312,982
Capital projects	57,590	762,524
Student work and tuition scholarships	67,215	36,996
	794,465	1,442,678
Subject to the Ministry’s spending policy and appropriations:		
Unappropriated endowment income	35,758	21,649
Endowed scholarship	550,000	540,000
	585,758	561,649
	\$ 1,380,223	\$ 2,004,327

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

10. ENDOWMENT FUNDS:

During the years ended June 30, 2023 and 2022, the Ministry maintained one donor endowed fund for scholarships. During the year ended June 30, 2020, the board redirected and redesignated all board-designated net assets as a quasi-endowment for capital projects. As required by generally accepted accounting principles in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the Ministry has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Ministry classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Ministry in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Ministry considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Ministry and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Ministry
7. The investment policies of the Ministry

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

10. ENDOWMENT FUNDS, continued:

The endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Board-designated	\$ 1,839,706	\$ -	\$ -	\$ -	\$ 1,839,706
Donor-restricted funds	-	550,000	35,758	585,758	585,758
	\$ 1,839,706	\$ 550,000	\$ 35,758	\$ 585,758	\$ 2,425,464

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets, June 30, 2022	\$ 2,111,611	\$ 540,000	\$ 21,649	\$ 561,649	\$ 2,673,260
Contributions	-	10,000	-	10,000	10,000
Transfer	131,018	-	-	-	131,018
Investment return	(223,252)	-	47,254	47,254	(175,998)
Appropriation of endowment funds	(179,671)	-	(33,145)	(33,145)	(212,816)
Endowment net assets, June 30, 2023	\$ 1,839,706	\$ 550,000	\$ 35,758	\$ 585,758	\$ 2,425,464

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

10. ENDOWMENT FUNDS, continued:

The endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Board-designated	\$ 2,111,611	\$ -	\$ -	\$ -	\$ 2,111,611
Donor-restricted funds	-	540,000	21,649	561,649	561,649
	<u>\$ 2,111,611</u>	<u>\$ 540,000</u>	<u>\$ 21,649</u>	<u>\$ 561,649</u>	<u>\$ 2,673,260</u>

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets, June 30, 2021	\$ 1,869,066	\$ 510,000	\$ 127,451	\$ 637,451	\$ 2,506,517
Contributions	-	30,000	-	30,000	30,000
Transfer	1,114,491	-	-	-	1,114,491
Investment return	(594,654)	-	(73,682)	(73,682)	(668,336)
Appropriation of endowment funds	(277,292)	-	(32,120)	(32,120)	(309,412)
Endowment net assets, June 30, 2022	<u>\$ 2,111,611</u>	<u>\$ 540,000</u>	<u>\$ 21,649</u>	<u>\$ 561,649</u>	<u>\$ 2,673,260</u>

Return objectives and risk parameters: The Ministry has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Ministry must hold in perpetuity. Under this policy, as approved by the board, the endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distribution sufficient to provide for expenses associated with the various restricted purposes, while growing the funds if possible. Investment risk is measured in terms of total endowment fund. Investment assets and allocation between asset classes and strategies are managed so as not to expose the fund to unacceptable levels of risk.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

10. ENDOWMENT FUNDS, continued:

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Ministry relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ministry targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: The Ministry has a policy of appropriating 5% of the restricted endowment balance each year. The donor restricted endowment is for appropriated for scholarships, per the donor agreement while the appropriation from the endowment without donor restrictions is used where needed most.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires the Ministry to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2023 and 2022.

11. CHANGE IN VALUE OF ANNUITIES:

Change in value of annuities consist of:

	Year Ended May 31,	
	2023	2022
Investment return, net	\$ 53,878	\$ (100,741)
Actuarial change	22,995	66,366
New annuities	-	74,406
Liability portion of matured agreements	32,379	898
Annuity payments	(68,516)	(66,126)
	<u>\$ 40,736</u>	<u>\$ (25,197)</u>

12. SCHOLARSHIPS AND TUITION DISCOUNTS:

Scholarships and tuition discounts consist of:

	Year Ended May 31,	
	2023	2022
Gross tuition revenue	\$ 998,706	\$ 812,101
Funded by gifts and endowment income	(134,731)	(127,717)
	<u>\$ 863,975</u>	<u>\$ 684,384</u>

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

13. OPERATING AND FINANCING LEASE—RIGHT OF USE ASSETS AND OBLIGATIONS

The Ministry has a finance lease for a radio tower with an initial expiration date through March 2029, with three optional 5-year renewal period (which the Ministry is reasonably certain to exercise and is included in the initial measurement of the lease liability). Monthly lease payments are fixed at an initial amount of \$6,246 per quarter, and increase at an annual rate of 4%. The Ministry also has an operating lease for copiers with an expiration date through December 2025. Monthly lease payments are fixed at an initial amount of \$877 per month, and increase at an annual rate of 2.5%. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the leases. Short-term leases with a term of 12 or fewer months are not reflected on the statements of financial position, and costs are expensed as incurred.

	June 30, 2023
Operating lease—right of use asset	\$ 26,682
Operating lease obligation	\$ 27,592
Finance lease—right of use asset	\$ 646,889
Finance lease obligation	\$ 679,378
Lease costs:	
Operating lease	\$ 11,064
Finance lease:	
Amortization of right of use asset	\$ 30,442
Interest on lease obligation	\$ 13,882
Cash paid for amounts included in the measurement of lease liabilities:	
Operating lease	\$ 10,964
Finance lease	\$ 26,244
Weighted-average discount rate:	
Operating lease	0.16%
Finance lease	2.02%
Weighted-average remaining lease term:	
Operating lease	2.42 years
Finance lease	20.75 years

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2023 and 2022

13. OPERATING AND FINANCING LEASE—RIGHT OF USE ASSETS AND OBLIGATIONS, continued

Future minimum lease payments required under operating and finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ended June 30,</u>	<u>Finance Amounts</u>	<u>Operating Amounts</u>
2024	\$ 27,294	\$ 11,238
2025	28,386	11,519
2026	29,521	4,891
2027	30,702	-
2028	31,930	-
Thereafter	709,338	-
	857,171	27,648
Less imputed interest	(177,793)	(56)
	\$ 679,378	\$ 27,592

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, the Ministry was applying Topic 840 in relation to leases. During the year ended June 30, 2022, the Ministry had operating lease expenses totaling \$41,536.

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 13, 2023, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.