

FINANCIALS

RAVI ZACHARIAS  
INTERNATIONAL  
MINISTRIES

# Financial Statements

**Independent Auditors' Report**  
September 30, 2014 and 2013

For additional copies of this publication or  
further information about RZIM, please contact:

**Ravi Zacharias International Ministries**  
4725 Peachtree Corners Circle  
Suite 250  
Norcross, Georgia 30092  
770.449.6766

# 2014 Audited Financial Statements

2014 was another year of fruitful expansion and much praise! In practically every area, Ravi Zacharias International Ministries continued to thrive and flourish over plan expectations. Thanks to the prayers and support of friends like you, the Lord enabled our itinerant team to powerfully proclaim the Gospel with gentleness and respect before more new key audiences in numerous corners of the world. Your generosity this past year allowed Ravi and the team to make long lasting impact on the most influential groups including the academia, business, government, and arts and media circles.

As a reflection of this growth, in the US, total revenues including designated projects increased by nearly 21%. Excluding non-cash revenues from donated air time, total revenues for the 2014 fiscal year arrived at \$22.3 million, reflecting an increase of nearly 23% over 2013. Total expenses, which include international grants and global affiliate support of over \$9.8 million, totaled \$21.6 million, excluding capital investment. Overall, the US reported a modest positive consolidated change in net assets of \$0.7 million in the period, after reflecting a year on year direct program support allocation expansion of nearly \$0.9 million. This is equivalent to an overall effective 6% increase, of which nearly 70% was poured into core program investments and ministry activities. This was possible due in large part to intentional increased distributions towards domestic core services and programs disclosed specifically in the Statement of Activities as additions to media, resource materials, and conference and lectures. Thus, the ministry's functional allocation to programs, fundraising, and management remained solid and fairly consistent in the year at 84%, 11% and 5% respectively.

Balance sheet administration was moderately straightforward. In light of this ongoing expansion, the ministry continued to exercise prudence and a risk management approach towards economic uncertainties. Mindful of this, our global board of directors graciously allowed us to implement a vetted hedging policy to protect our foreign currency denominated budget obligations outside the US. Through a variety of strategies, we successfully worked to protect our sustained programs abroad efficiently, and by God's grace we are once again humbled to report that in 2014 we accomplished this with minimal unfavorable currency variances against budget goals. Additionally, in observance

of the rapid expansion on all ministry fronts, also with the full support of the global board, this year we worked arduously in collaboration with our international offices to secure adequate reserves that measure up with the growth of the ministry worldwide, including the formalized establishment of RZIM's footprint in 3 new countries. As of the close of this fiscal year we were also able to hit the desired goal to build up our global reserves to a desirable six month span. Last but not least, temporarily restricted activity also reflects an exponential increase versus prior year. This is a direct result of the most recently launched three prong campaign *The Hope within Us*, which mainly consists of the Q' Project, the Future Apologist Fund, and the target capital campaign for the long awaited Institute of Apologetics and Contemporary Thought ambitious to reside with our headquarters' office in Atlanta.

Overall, Ravi Zacharias International Ministries Inc. maintains and frequently updates internal controls designed to provide reasonable assurance that the ministry's assets are safeguarded from loss or unauthorized use and that transactions are executed in accordance with our management authorization policy and are recorded properly to allow for the preparation of clear and accurate financial statements under US GAAP. An Audit Committee, composed entirely of outside directors, meets directly and separately with the ministry's independent auditors, internal auditors and management to ensure that each area is properly discharging its responsibilities.

As you review our accounts and celebrate the works of the Lord through the ministry in 2014, we invite you to join us in a prayer of gratitude to the Lord for His goodness and abundant blessings on all fronts this past year. It's our privilege and calling to work alongside such a gifted team of men and women who, under the leadership of Ravi, effectively "reach and challenge those who shape the ideas of a culture with the credibility of the Gospel of Jesus Christ" one soul at the time, nowadays, in multiple time zones, in some cases simultaneously!

  
Jeanette Chuquiure  
CFO

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Data	
Independent Auditors' Report on Supplementary Data	20
Schedule of Functional Expenses–2014	21
Schedule of Functional Expenses–2013	22

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Ravi Zacharias International Ministries, Inc.  
Norcross, Georgia

We have audited the accompanying financial statements of Ravi Zacharias International Ministries, Inc., which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities 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.

### ***Auditors' 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 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 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.

Board of Directors  
Ravi Zacharias International Ministries, Inc.  
Norcross, Georgia

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ravi Zacharias International Ministries, Inc. as of September 30, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Atlanta, Georgia  
February 13, 2015

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Financial Position

	September 30,	
	2014	2013
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,117,481	\$ 1,729,856
Accounts receivable	120,532	69,416
Investments	5,692,260	3,819,876
Inventories	71,503	130,472
Prepaid expenses and deposits	130,318	358,504
Property and equipment—net	669,887	913,035
Assets held in perpetuity and for long-term purposes	1,389,990	1,209,939
	<b>\$ 9,191,971</b>	<b>\$ 8,231,098</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 400,420	\$ 307,103
Accrued expenses	241,756	200,805
Rabbi trust liability	988,562	838,763
	1,630,738	1,346,671
Net assets:		
Unrestricted:		
Undesignated working capital	3,498,534	4,484,085
Designated:		
Founders' Weekend	950,315	932,049
Equity in property and equipment	669,887	913,035
	5,118,736	6,329,169
Temporarily restricted	2,119,981	232,742
Permanently restricted	322,516	322,516
	7,561,233	6,884,427
Total Liabilities and Net Assets	<b>\$ 9,191,971</b>	<b>\$ 8,231,098</b>

See notes to financial statements

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Activities

Year Ended September 30,

	2014				2013			
	Unrestricted	Temporarily		Total	Unrestricted	Temporarily		Total
		Restricted	Restricted			Restricted	Restricted	
<b>SUPPORT AND REVENUE:</b>								
Support:								
Cash contributions	\$17,237,724	\$2,930,667	\$ -	\$20,168,391	\$14,457,059	\$2,274,001	\$ -	\$16,731,060
Donated radio airtime	2,554,865	-	-	2,554,865	2,364,536	-	-	2,364,536
Noncash contributions	603,234	-	-	603,234	293,241	-	-	293,241
	<u>20,395,823</u>	<u>2,930,667</u>	<u>-</u>	<u>23,326,490</u>	<u>17,114,836</u>	<u>2,274,001</u>	<u>-</u>	<u>19,388,837</u>
Revenue:								
Sales of resource materials	476,353	-	-	476,353	440,667	-	-	440,667
Conference/seminar fees	516,958	-	-	516,958	332,223	-	-	332,223
Honorariums and travel reimbursements	356,661	-	-	356,661	255,744	-	-	255,744
Investment income	119,078	-	-	119,078	121,594	-	-	121,594
Miscellaneous	70,274	-	-	70,274	29,919	-	-	29,919
	<u>1,539,324</u>	<u>-</u>	<u>-</u>	<u>1,539,324</u>	<u>1,180,147</u>	<u>-</u>	<u>-</u>	<u>1,180,147</u>
Total Support and Revenue	<u>21,935,147</u>	<u>2,930,667</u>	<u>-</u>	<u>24,865,814</u>	<u>18,294,983</u>	<u>2,274,001</u>	<u>-</u>	<u>20,568,984</u>
<b>RECLASSIFICATIONS:</b>								
Net assets released from restrictions by satisfaction of:								
Purpose restrictions	1,043,428	(1,043,428)	-	-	8,619,743	(8,619,743)	-	-
<b>EXPENSES:</b>								
Program services:								
Conferences, lectures, and seminars	4,956,876	-	-	4,956,876	4,133,780	-	-	4,133,780
Resource materials	651,741	-	-	651,741	548,379	-	-	548,379
Media ministries	4,833,384	-	-	4,833,384	4,346,410	-	-	4,346,410
International ministries	9,842,674	-	-	9,842,674	10,380,607	-	-	10,380,607
	<u>20,284,675</u>	<u>-</u>	<u>-</u>	<u>20,284,675</u>	<u>19,409,176</u>	<u>-</u>	<u>-</u>	<u>19,409,176</u>
Supporting activities:								
Management and general	1,343,138	-	-	1,343,138	1,104,608	-	-	1,104,608
Fund-raising	2,561,195	-	-	2,561,195	2,390,391	-	-	2,390,391
	<u>3,904,333</u>	<u>-</u>	<u>-</u>	<u>3,904,333</u>	<u>3,494,999</u>	<u>-</u>	<u>-</u>	<u>3,494,999</u>
Total Expenses	<u>24,189,008</u>	<u>-</u>	<u>-</u>	<u>24,189,008</u>	<u>22,904,175</u>	<u>-</u>	<u>-</u>	<u>22,904,175</u>
Change in Net Assets	(1,210,433)	1,887,239	-	676,806	4,010,551	(6,345,742)	-	(2,335,191)
Net Assets, Beginning of Year	6,329,169	232,742	322,516	6,884,427	2,318,618	6,578,484	322,516	9,219,618
Net Assets, End of Year	<u>\$ 5,118,736</u>	<u>\$2,119,981</u>	<u>\$322,516</u>	<u>\$ 7,561,233</u>	<u>\$ 6,329,169</u>	<u>\$ 232,742</u>	<u>\$322,516</u>	<u>\$ 6,884,427</u>

See notes to financial statements



# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Cash Flows

	Year Ended September 30,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 676,806	\$ (2,335,191)
Adjustments to reconcile change in net assets:		
Depreciation	276,152	158,205
Realized and unrealized gain	(98,051)	(143,715)
Noncash contributions of securities	(603,234)	(293,241)
Changes in operating assets and liabilities:		
Accounts receivable	(51,116)	48,286
Inventories	58,969	77,134
Prepaid expenses	228,186	(69,862)
Accounts payable	93,317	(7,783)
Accrued expenses	40,951	25,554
Rabbi trust liability	149,799	171,113
Net Cash Provided (Used) by Operating Activities	771,779	(2,369,500)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(228,004)	(703,005)
Proceeds from the sale of property and equipment	195,000	-
Purchases of investments	(8,318,759)	(82,000)
Proceeds from the sale of investments	6,967,609	220,544
Payments received on note receivable	-	46,974
Net Cash Provided (Used) by Investing Activities	(1,384,154)	(517,487)
Net Change in Cash and Cash Equivalents	(612,375)	(2,886,987)
Cash and Cash Equivalents, Beginning of Year	1,729,856	4,616,843
Cash and Cash Equivalents, End of Year	\$ 1,117,481	\$ 1,729,856
<b>NONCASH INVESTING ACTIVITIES:</b>		
Noncash contributions of securities and equipment	\$ 603,234	\$ 293,241

See notes to financial statements

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

### 1. NATURE OF ORGANIZATION:

Ravi Zacharias International Ministries, Inc. (Ministry) was incorporated under the laws of the State of Georgia in 1986 and operates as a nonprofit corporation. The Ministry is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code) and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Ministry has been classified as a publicly supported organization which is not a private foundation under Section 509(a)(1) of the Code.

The Ministry is a Christian, interdenominational ministry founded for the purpose of presenting biblical truth on a worldwide basis. The vision of the Ministry encompasses a fivefold thrust: **evangelism** with a particular focus on skeptics, cultural influencers, and critical thinkers; **apologetics** that address current issues and the intellectual struggles related to these concerns, **spiritual disciplines** that focus the mind and heart on the glory of God; **training** that comes alongside the Church or concerned Christians worldwide, and **humanitarian support** to meet the needs of those at risk within a society so that the mandate of I Peter 3:15 might be fulfilled - to set apart Christ in our hearts as Lord and always be prepared to give a reason for the hope that is within us, with gentleness and respect, all for the glory of God. The Ministry's objectives are accomplished through: evangelistic meetings, lectures and seminars, training in apologetics, international radio broadcasts, and affiliated ministries in Canada (Ravi Zacharias International Ministries Canada), India (Ravi Zacharias International Ministries Life Focus Society), Singapore (Ravi Zacharias International Ministries Asia-Pacific, Ltd.), the United Kingdom (Ravi Zacharias International Ministries Zacharias Trust), China (Ravi Zacharias International Ministries Hong Kong Limited), Turkey (Ravi Zacharias International Ministries Turkey), Romania (Ravi Zacharias International Ministries Romania), Austria (Zacharias Institute for Academia) and a division of the U.S. ministry in the Middle East. With the exception of the Middle East office, the financial results of these entities are not combined because they do not fall under the Ministry's common control.

For the past ten years, the Ministry has spearheaded and remained involved in three major initiatives. The first is a partnership forged between Wycliffe Hall at Oxford University and RZIM Zacharias Trust. Participants study theology at Oxford University while also receiving a year of world-class instruction and training in evangelism and apologetics at the Oxford Center of Christian Apologetics. The second initiative is RZIM "Wellspring International" which is designed to be a demonstration of the apologetic the Ministry teaches and defends. The mission is to come alongside existing organizations who are aiding individuals, primarily women and children, in underprivileged situations overseas, not only to rescue and provide a solution for a better life physically, but to potentially point them to Christ to fulfill their greatest need. The third initiative is called "Scholars With a Dream." Under this initiative, RZIM facilitates the training of individuals towards doctorate degrees specializing in the distinctive teachings and written works of specific religions that challenge the Christian faith and culture.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

1. NATURE OF ORGANIZATION, continued:

Support is contributed mainly by interested individuals, churches, foundations, and to a lesser extent through the sale of Ministry-produced materials, compact and digital video discs, seminar programs, books, and radio programs. The Ministry also provides financial and educational support to similar organizations in other countries. Grants are made to the international affiliates to support the global mission of the Ministry, and scholarships are provided whereby international students may study post-graduate theological and apologetics programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Ministry are presented on the accrual basis. The significant accounting policies are described below.

### ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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. These estimates include depreciation, useful lives of capital assets, and the summary of expenses by functional allocation.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, checking, and savings accounts. While these accounts at times may exceed federally insured limits, the Ministry believes it is not exposed to any significant credit risk on cash and cash equivalents and has not experienced any losses in such accounts.

### ACCOUNTS RECEIVABLE

The Ministry records amounts due from all affiliated ministries in the United Kingdom, Canada, and India as accounts receivable. Since these are internal to the Ministry, they are estimated to be fully collectible, and no provision for doubtful accounts is established.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS

Investments in securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included as revenue in the statements of activities. Donated investments are recorded at the estimated fair market value on the date of donation and thereafter carried in accordance with the above provisions.

#### INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out method) or market.

#### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or, if donated, at fair value on the date of donation. The Ministry capitalizes all property and equipment with a cost or value exceeding \$2,500. Depreciation is recorded on the straight-line basis over the useful lives of the assets, ranging from five to thirty years.

#### NET ASSETS

The financial statements report amounts by classification of net assets:

*Unrestricted net assets* are currently available for the Ministry purposes under the direction of the board, designated for specific use, or resources invested in property and equipment.

*Temporarily restricted net assets* are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

*Permanently restricted net assets* are contributed with donor restrictions requiring that they be held in perpetuity with income used for operations or scholarships.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Ministry.

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 amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. 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.

Donated goods (including securities, property, and equipment) are recorded at fair value at the date of the gift.

Donated radio air time is reported at the fair value of the broadcast time provided by the individual stations. Valuation is based on information provided by the media management company, rates applicable to particular markets, and broadcast airings. When the Ministry receives donations as a response to programs aired without charge, it returns a portion of the "personal inquiry" donations to the radio station to defray the costs. This reduces the amount of the donated radio air time recognized. The amounts of donated radio air time recognized during the years ended September 30, 2014 and 2013, was \$2,554,865 and \$2,364,536, respectively.

Contributed services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those that require specialized skills (as contributions and expenses). During the fiscal years ended September 30, 2014 and 2013, no material contributed services, other than donated radio air time, were received or recorded that met the requirements of accounting principles generally accepted in the United States.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND EXPENSES, continued

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Ministry have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities. The costs also involve operational functions, meetings and events, and publications which include expenses that may be jointly characterized as program services, management and general, and fund-raising. During the year ended September 30, 2014, joint costs were incurred in the amount of \$6,619,198 and allocated as follows: \$4,594,529 to program services, \$1,054,494 to management and general, and \$970,175 to fund-raising. During the year ended September 30, 2013, joint costs were incurred in the amount of \$6,256,318 and allocated as follows: \$4,106,335 to program services, \$799,996 to management and general, and \$1,349,987 to fund-raising.

A significant portion of the fund-raising expenses allocated to the Ministry's annual Founders' Weekend event is funded by one single donor. This annual fund-raising event is sponsored by the Davis Foundation, whose originator, the late Mr. D.D. Davis, was very committed to the ministry and set up a foundation to continue to sustain his legacy to RZIM. Consequently, the Ministry receives donor-restricted gifts from the Davis Foundation every year for this purpose. In 2014, Founders' Weekend disbursements included \$26,456 allocated to ministry program services, followed by \$19,022 for management and general costs, and \$772,449 towards fund-raising expenses.

#### ROYALTIES

Current Ministry policy provides that intellectual property and related works developed by the Ministry-employed staff for the Ministry are owned by the Ministry, except as provided by the board. Royalties on the sales of these works are included in the commissions received from a third-party retailer. Such commissions are recorded by the Ministry under the revenue section of the statements of activities. The board has made exceptions to the royalty policy for certain employees. In these situations, the employee is considered the owner of the work and receives royalties for sales by an unrelated publishing company. The Ministry also reserves rights to obtain these books at the author's discounted price. Upon the sale of these works by the Ministry, the author receives no royalties. The Ministry also participates or partners with other ministries to distribute video presentations produced by the Ministry and others for agreed upon amounts and participations in royalties. The royalty income is reported under revenues as part of sales of resource materials.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of September 30, 2014 and 2013, respectively, the Ministry had no uncertain tax positions that qualify for recognition in the financial statements.

The Ministry files information tax returns in the U.S. and various states. The Ministry is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2008.

### 3. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2014	2013
Certificates of deposit	\$ 1,000,000	\$ 1,000,000
Money market accounts	4,637,668	2,819,876
Stocks	54,592	-
	<u>\$ 5,692,260</u>	<u>\$ 3,819,876</u>

For the years ended September 30, 2014 and 2013, investment income is \$119,078 and \$121,594, respectively, and consists of interest and dividend income earned on the above listed investments.

### 4. INVENTORIES:

Inventories consist of the following:

	September 30,	
	2014	2013
Books	\$ 52,213	\$ 40,571
Digital video disks	12,699	83,523
Compact discs	5,652	5,994
Miscellaneous and other materials	939	384
	<u>\$ 71,503</u>	<u>\$ 130,472</u>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

4. INVENTORIES, continued:  
Cost of sales and gross profit:

	Year Ended September 30,	
	2014	2013
Sales of resource materials	\$ 177,393	\$ 165,573
Commissions for resource materials sold by third party	298,960	275,094
Cost of sales	(197,675)	(150,425)
Gross profit	\$ 278,678	\$ 290,242

5. PREPAID EXPENSES AND DEPOSITS:  
Prepaid expenses and deposits consist of the following:

	September 30,	
	2014	2013
Prepaid expenses	\$ 127,318	\$ 303,904
Deposits	3,000	51,600
	\$ 130,318	\$ 355,504

6. PROPERTY AND EQUIPMENT—NET:  
Property and equipment—net consist of the following:

	September 30,	
	2014	2013
Building	\$ 151,008	\$ 346,008
Office equipment	791,074	785,423
Furniture and fixtures	234,546	231,046
Leasehold improvements	196,524	196,524
Automobiles	68,040	68,040
Website and software	891,327	423,675
	2,332,519	2,050,716
Less accumulated depreciation	(1,663,832)	(1,387,683)
Work in progress	1,200	250,002
	\$ 669,887	\$ 913,035



# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

7. ASSETS HELD IN PERPETUITY AND FOR LONG-TERM PURPOSES:

Assets held in perpetuity and for long-term purposes consist of the following:

	September 30,	
	2014	2013
Assets held in trust–Rabbi Trust *	\$ 988,562	\$ 838,763
Ravi Zacharias Educational Endowment Fund	401,428	371,176
	\$ 1,389,990	\$ 1,209,939

\* In 2000, the Ministry established a Rabbi Trust for the purpose of paying deferred compensation to the founder upon retirement, death, or disability. The trust is revocable by the Ministry. During 2014 and 2013, the Ministry deposited \$82,000 and \$82,000, respectively, with the trustee to hold, administer, and dispose of as provided in the trust agreement. The amount expressed above reflects the fair value held after processing fees were deducted. The trust is invested in mutual funds (cash and equities). As of September 30, 2014, the portfolio's allocation was as follows: 90.4% in equities and mutual funds, and 9.6% in cash and money market funds.

8. NET ASSETS:

Restricted net assets consist of the following:

	September 30,	
	2014	2013
Temporarily restricted:		
Wellspring–general	\$ 227,266	\$ 208,586
Scholarships	2,715	6,656
Building capital funds	590,000	17,500
Q-Project	1,150,000	-
Retreat home	150,000	-
	\$ 2,119,981	\$ 232,742
Permanently restricted:		
Ravi Zacharias Educational Endowment Fund	\$ 322,516	\$ 322,516

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

9. LEASES:

*Office:* The Ministry has entered into a lease for office space. Total rent expense for the years ended September 30, 2014 and 2013, was \$427,387 and \$405,493, respectively. Original terms of this lease were from February 1, 2006 to January 31, 2013. However, on June 27, 2012, a modification of the aforementioned lease was signed to extend the contract agreement through January 31, 2018. The monthly rental is increased annually during the lease.

*Equipment:* For the years ended September 30, 2014 and 2013, the total equipment lease payments were \$80,981 and \$15,876, respectively.

Future minimum lease payments under the operating leases are:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2015	\$ 427,113
2016	411,032
2017	405,218
2018	135,602
Thereafter	<u>3,160</u>
	<u>\$ 1,382,125</u>

10. EMPLOYEE BENEFIT PLAN:

The Ministry has established a contributory retirement plan under IRS Code 401(k) for eligible employees. The Ministry made matching contributions of \$65,243 and \$57,234 during the fiscal years ended September 30, 2014 and 2013, respectively.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

### 11. RELATED PARTY TRANSACTIONS:

*Investments:* The Ministry placed \$1,091,050 and \$1,009,306 with an investment management group in which a board member is a principal as of September 30, 2014 and 2013, respectively. As of September 30, 2014 and 2013, the invested balances were \$1,389,990 and \$1,209,939, respectively.

	September 30,	
	2014	2013
Accounts receivable from international affiliates:		
RZIM Canada	\$ -	\$ 30,000
RZIM Zachtrust	4,200	-
RZIM Life Focus	13,289	-
RZIM Hong Kong	1,053	-
	<u>\$ 18,542</u>	<u>\$ 30,000</u>
Grants made to international affiliates:		
RZIM Zacharias Trust	\$ 6,042,256	\$ 7,865,894
RZIM Asia-Pacific, Ltd.	443,764	2,449
RZIM Life Focus Society	1,100,801	45,457
RZIM Hong Kong, Limited	193,707	385,563
	<u>\$ 7,780,528</u>	<u>\$ 8,299,363</u>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

### 12. ENDOWMENT FUNDS:

The Ministry's endowment consists of an educational scholarship fund established in honor of the twenty-five years of ministry of Dr. Ravi Zacharias. All donations to this fund during the year ended September 30, 2014, will be permanently restricted and annual scholarships will be granted out of the fund's annual earnings. As required by GAAP, net assets associated with endowment funds, including funds designated by the RZIM board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Ministry has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 permanently restricted net assets (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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Ministry in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Ministry considers 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

Endowment net asset composition by type of fund as of September 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	\$ 78,912	\$ -	\$ 322,516
Board-designated funds	-	-	-
	<u>\$ 78,912</u>	<u>\$ -</u>	<u>\$ 322,516</u>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

12. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 48,660	\$ -	\$ 322,516
Investment return:			
Investment income	-	-	-
Net gains (realized and unrealized)	30,252	-	-
Total investment return	30,252	-	-
Contributions	-	-	-
Amounts appropriated for expenditure	-	-	-
Other changes:			
Release of donor restrictions and reclassification of deficits balances	-	-	-
	30,252	-	-
Endowment net asset, end of year	\$ 78,912	\$ -	\$ 322,516

Endowment net asset composition by type of fund as of September 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted funds	\$ 48,660	\$ -	\$ 322,516
Board-designated funds	-	-	-
	\$ 48,660	\$ -	\$ 322,516

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

12. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 18,884	\$ -	\$ 322,516
Investment return:			
Investment income	-	-	-
Net gains (realized and unrealized)	29,776	-	-
Total investment return	29,776	-	-
Contributions	-	-	-
Amounts appropriated for expenditure	-	-	-
Other changes:			
Release of donor restrictions and reclassification of deficits balances	-	-	-
	29,776	-	-
Endowment net asset, end of year	\$ 48,660	\$ -	\$ 322,516

	Year Ended September 30,	
	2014	2013
Permanently restricted net assets:		
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA.	\$ 322,516	\$ 322,516
Total endowment funds classified as permanently restricted net assets	\$ 322,516	\$ 322,516
Temporarily restricted net assets:		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
With purpose restrictions	\$ -	\$ -
Total endowment funds classified as temporarily restricted net assets	\$ -	\$ -

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2014 and 2013

12. ENDOWMENTS, continued:

*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 UPMIFA requires the Ministry to retain as a fund of perpetual duration. No deficiencies existed as of September 30, 2014.

*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 or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Ministry's board of directors, the endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. The Ministry expects its endowment funds, over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

*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 Policy and How the Investment Objectives Related to Spending Policy*—The Ministry has a policy of appropriating for distribution each year 100% of the endowment fund's investment income. In establishing this policy, management considered long-term expected return on its endowment. Accordingly, over the long-term, the Ministry expects the current spending policy to allow its endowment to grow at an average of 6% annually. This is consistent with the board's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.

13. SUBSEQUENT EVENTS:

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

## **SUPPLEMENTARY DATA**





**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY DATA**

Board of Directors  
Ravi Zacharias International Ministries, Inc.  
Norcross, Georgia

We have audited the financial statements of Ravi Zacharias International Ministries, Inc. for the years ended September 30, 2014 and 2013, and our report thereon dated February 13, 2015, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Capin Crouse LLP*

Atlanta, Georgia  
February 13, 2015

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Schedule of Functional Expenses

Year Ended September 30, 2014

	Program Services				Supporting Activities				
	Conferences, Lectures, and Seminars	Resource and Prayer Ministries	Media Ministries	International Ministries	Total	Management and General	Fund-raising	Total	Total
Advertising and public relations	\$ 206,776	\$ 1,970	\$ 47,484	\$ 1,372	\$ 257,602	\$ 13,719	\$ 99,485	\$ 113,204	\$ 370,806
Bank charges	1,805	-	-	13,900	15,705	23,934	97	24,031	39,736
Brochures and literature	442,928	9,381	3,030	4,236	459,575	11,391	483,631	495,022	954,597
Credit card processing fees	-	-	-	-	-	160,051	-	160,051	160,051
Conferences, lectures, and seminars	193,296	-	32	250	193,578	4,000	629,492	633,492	827,070
Consulting and contract work	75,637	17,617	29,080	71,146	193,480	37,717	99,028	136,745	330,225
Cost of sales	-	197,675	-	-	197,675	-	-	-	197,675
Depreciation	96,491	31,705	26,421	26,421	181,038	47,557	47,557	95,114	276,152
Insurance	19,756	6,360	5,511	5,382	37,009	9,611	9,688	19,299	56,308
Domestic and international grants	322,526	-	-	8,672,687	8,995,213	-	-	-	8,995,213
Materials resource and research	7,485	-	-	740	8,225	-	645	645	8,870
Miscellaneous	19,338	-	-	-	19,338	58	-	58	19,396
Office supplies and equipment	52,221	8,498	10,036	10,848	81,603	46,593	28,177	74,770	156,373
Postage, printing, and supplies	9,725	2,581	49	638	12,993	307	26,081	26,388	39,381
Professional fees	43,019	2,459	2,049	4,019	51,546	25,407	3,798	29,205	80,751
Radio and media	-	-	4,162,821	-	4,162,821	-	-	-	4,162,821
Rent	213,949	43,664	70,911	46,406	374,930	67,215	66,222	133,437	508,367
Repairs and maintenance	9,690	24,392	58	58	34,198	2,923	104	3,027	37,225
Royalties and honorariums	30,985	-	-	-	30,985	-	22,888	22,888	53,873
Salaries and benefits	2,165,204	281,597	409,301	746,766	3,602,868	786,606	738,713	1,525,319	5,128,187
Taxes and licenses	117,155	14,476	28,303	49,822	209,756	51,341	52,187	103,528	313,284
Telephone	40,780	6,222	17,004	11,000	75,006	23,591	16,434	40,025	115,031
Staff training and meetings	29,577	1,342	3,258	5,970	40,147	16,643	1,968	18,611	58,758
Travel	858,533	1,802	18,036	171,013	1,049,384	14,474	235,000	249,474	1,298,858
<b>Total</b>	<b>\$4,956,876</b>	<b>\$ 651,741</b>	<b>\$4,833,384</b>	<b>\$9,842,674</b>	<b>\$20,284,675</b>	<b>\$1,343,138</b>	<b>\$2,561,195</b>	<b>\$3,904,333</b>	<b>\$24,189,008</b>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Schedule of Functional Expenses

Year Ended September 30, 2013

	Program Services						Supporting Activities		
	Conferences, Lectures, and Seminars	Resource and Prayer Ministries	Media Ministries	International Ministries	Total	Management and General	Fund-raising		Total
							Fund-raising	Total	
Advertising and public relations	\$ 51,447	\$ 2,550	\$ 31,261	\$ 20,178	\$ 105,436	\$ 7,499	\$ 68,485	\$ 75,984	\$ 181,420
Bank charges	3,621	-	36	12,300	15,957	12,333	300	12,633	28,590
Brochures and literature	289,782	4,054	2,087	2,899	298,822	5,206	441,347	446,553	745,375
Credit card processing fees	-	-	-	-	-	107,686	-	107,686	107,686
Conferences, lectures, and seminars	327,824	-	-	-	327,824	32,194	809,591	841,785	1,169,609
Consulting and contract work	64,830	-	30,218	37,165	132,213	3,645	96,322	99,967	232,180
Cost of sales	-	150,425	-	-	150,425	-	-	-	150,425
Depreciation	60,161	11,349	18,677	16,028	106,215	3,077	48,913	51,990	158,205
Insurance	8,639	4,488	3,721	4,569	21,417	6,965	7,081	14,046	35,463
Domestic and international grants	181,023	-	-	9,368,804	9,549,827	-	-	-	9,549,827
Materials resource and research	8,086	-	87	138	8,311	354	1,026	1,380	9,691
Miscellaneous	19,447	-	100	38	19,585	-	99	99	19,684
Office supplies and equipment	46,297	7,631	9,115	4,758	67,801	37,502	24,013	61,515	129,316
Postage, printing, and supplies	4,019	8,891	774	962	14,646	1,222	9,541	10,763	25,409
Professional fees	10,665	3,969	3,559	3,798	21,991	31,267	11,387	42,654	64,645
Radio and media	-	-	3,765,296	-	3,765,296	-	-	-	3,765,296
Rent	146,198	46,392	51,373	29,614	273,577	75,691	72,102	147,793	421,370
Repairs and maintenance	5,130	9,748	-	17	14,895	23,633	2,103	25,736	40,631
Royalties and honorariums	36,300	-	-	5,931	42,231	-	-	-	42,231
Salaries and benefits	1,939,003	264,551	360,984	681,017	3,245,555	646,240	602,024	1,248,264	4,493,819
Taxes and licenses	101,820	16,729	24,344	47,282	190,175	49,842	37,652	87,494	277,669
Telephone	37,970	9,268	19,308	17,336	83,882	17,645	23,540	41,185	125,067
Staff training and meetings	30,371	6,583	6,632	13,199	56,785	22,461	17,530	39,991	96,776
Travel	761,147	1,751	18,838	114,574	896,310	20,146	117,335	137,481	1,033,791
<b>Total</b>	<b>\$ 4,133,780</b>	<b>\$ 548,379</b>	<b>\$ 4,346,410</b>	<b>\$ 10,380,607</b>	<b>\$ 19,409,176</b>	<b>\$ 1,104,608</b>	<b>\$ 2,390,391</b>	<b>\$ 3,494,999</b>	<b>\$ 22,904,175</b>

**CANADA**

50 Gervais Drive, Suite 315  
Toronto, Ontario M3C 1Z3  
Canada  
416.385.9199

**INDIA**

Plot No. 211, 212,  
V.G.P. Nagar  
Mogappair West, Chennai 600 037  
91.44.26562226

**ASIA**

420 North Bridge Road  
#05-11 North Bridge Centre  
Singapore 188727  
65 6247-7695

**EUROPE**

76 Banbury Road  
Oxford  
Oxfordshire  
OX2 6JT  
United Kingdom

**UNITED STATES**

4725 Peachtree Corners Circle  
Suite 250  
Norcross, Georgia 30092  
770.449.6766

RZIM is a member of the Evangelical Council  
for Financial Accountability and the  
Canadian Council of Christian Charities

[WWW.RZIM.ORG](http://WWW.RZIM.ORG)



