



RAVI ZACHARIAS  
INTERNATIONAL MINISTRIES, INC.

Financial Statements  
With Independent Auditors' Report

September 30, 2015 and 2014

# 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–2015	21
Schedule of Functional Expenses–2014	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, 2015 and 2014, 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, 2015 and 2014, 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  
December 18, 2015

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Financial Position

	September 30,	
	2015	2014
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,471,455	\$ 1,117,481
Accounts receivable	123,412	120,532
Investments	7,957,298	5,692,260
Inventories	76,588	71,503
Prepaid expenses and deposits	803,431	130,318
Property and equipment–net	592,868	669,887
Assets held in perpetuity and for long-term purposes	1,414,364	1,389,990
	<u>1,414,364</u>	<u>1,389,990</u>
<b>Total Assets</b>	<b>\$ 12,439,416</b>	<b>\$ 9,191,971</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 541,677	\$ 400,420
Accrued expenses	472,879	241,756
Rabbi trust liability	1,026,035	988,562
	<u>2,040,591</u>	<u>1,630,738</u>
<b>Net assets:</b>		
<b>Unrestricted:</b>		
Undesignated working capital	3,506,863	3,498,534
<b>Designated:</b>		
Founders' Weekend	968,939	950,315
Equity in property and equipment	592,868	669,887
	<u>5,068,670</u>	<u>5,118,736</u>
Temporarily restricted	5,007,639	2,119,981
Permanently restricted	322,516	322,516
	<u>10,398,825</u>	<u>7,561,233</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,439,416</b>	<b>\$ 9,191,971</b>

See notes to financial statements

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Activities

Year Ended September 30,

	2015				2014			
	Temporarily		Permanently		Temporarily		Permanently	
	Unrestricted	Restricted	Restricted	Total	Unrestricted	Restricted	Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Support:								
Cash contributions	\$18,302,568	\$4,762,011	\$ -	\$23,064,579	\$17,237,724	\$2,930,667	\$ -	\$20,168,391
Donated radio airtime	2,680,172	-	-	2,680,172	2,554,865	-	-	2,554,865
Noncash contributions	1,493,216	-	-	1,493,216	603,234	-	-	603,234
	22,475,956	4,762,011	-	27,237,967	20,395,823	2,930,667	-	23,326,490
Revenue:								
Sales of resource materials	352,435	-	-	352,435	476,353	-	-	476,353
Conference/seminar fees	591,386	-	-	591,386	516,958	-	-	516,958
Honorariums and travel reimbursements	199,952	-	-	199,952	360,915	-	-	360,915
Investment income	129,458	-	-	129,458	119,078	-	-	119,078
Gain on sale of assets	-	-	-	-	35,768	-	-	35,768
Investment (loss)/gain	(13,099)	-	-	(13,099)	30,252	-	-	30,252
	1,260,132	-	-	1,260,132	1,539,324	-	-	1,539,324
Total Support and Revenue	23,736,088	4,762,011	-	28,498,099	21,935,147	2,930,667	-	24,865,814
<b>RECLASSIFICATIONS:</b>								
Net assets released from restrictions by satisfaction of:								
Purpose restrictions	1,874,353	(1,874,353)	-	-	1,043,428	(1,043,428)	-	-
<b>EXPENSES:</b>								
Program services:								
Conferences, lectures, and seminars	5,875,420	-	-	5,875,420	4,956,876	-	-	4,956,876
Resource materials	526,634	-	-	526,634	651,741	-	-	651,741
Media ministries	4,962,011	-	-	4,962,011	4,833,384	-	-	4,833,384
International ministries	10,145,115	-	-	10,145,115	9,842,674	-	-	9,842,674
	21,509,180	-	-	21,509,180	20,284,675	-	-	20,284,675
Supporting activities:								
Management and general	1,277,636	-	-	1,277,636	1,343,138	-	-	1,343,138
Fund-raising	2,873,691	-	-	2,873,691	2,561,195	-	-	2,561,195
	4,151,327	-	-	4,151,327	3,904,333	-	-	3,904,333
Total Expenses	25,660,507	-	-	25,660,507	24,189,008	-	-	24,189,008
Change in Net Assets	(50,066)	2,887,658	-	2,837,592	(1,210,433)	1,887,239	-	676,806
Net Assets, Beginning of Year	5,118,736	2,119,981	322,516	7,561,233	6,329,169	232,742	322,516	6,884,427
Net Assets, End of Year	<u>\$ 5,068,670</u>	<u>\$5,007,639</u>	<u>\$322,516</u>	<u>\$10,398,825</u>	<u>\$ 5,118,736</u>	<u>\$2,119,981</u>	<u>\$322,516</u>	<u>\$ 7,561,233</u>

See notes to financial statements

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Cash Flows

	Year Ended September 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,837,592	\$ 676,806
Adjustments to reconcile change in net assets:		
Depreciation	325,478	276,152
Realized and unrealized loss/(gain)	13,099	(98,051)
Noncash contributions of securities	(1,493,216)	(603,234)
Changes in operating assets and liabilities:		
Accounts receivable	(2,880)	(51,116)
Inventories	(5,085)	58,969
Prepaid expenses	(673,113)	228,186
Accounts payable	141,257	93,317
Accrued expenses	231,123	40,951
Rabbi trust liability	37,473	149,799
Net Cash Provided by Operating Activities	1,411,728	771,779
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(248,459)	(228,004)
Proceeds from the sale of property and equipment	-	195,000
Purchases of investments	(8,437,473)	(8,318,759)
Proceeds from the sale of investments	7,628,178	6,967,609
Net Cash Used by Investing Activities	(1,057,754)	(1,384,154)
Net Change in Cash and Cash Equivalents	353,974	(612,375)
Cash and Cash Equivalents, Beginning of Year	1,117,481	1,729,856
Cash and Cash Equivalents, End of Year	\$ 1,471,455	\$ 1,117,481
<b>NONCASH INVESTING ACTIVITIES:</b>		
Noncash contributions of securities and equipment	\$ 1,493,216	\$ 603,234

See notes to financial statements

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

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, 2015 and 2014

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. The Ministry also has trade receivables from sales of inventory and considers these receivables to be fully collectible.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

### 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, 2015 and 2014

### 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, 2015 and 2014, was \$2,680,172 and \$2,554,865, 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, 2015 and 2014, 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, 2015 and 2014

### **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, 2015, joint costs were incurred in the amount of \$7,304,590 and allocated as follows: \$5,102,034 to program services, \$1,162,877 to management and general, and \$1,039,679 to 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.

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 2015, Founders' Weekend disbursements included \$43,925 allocated to ministry program services, followed by \$11,850 for management and general costs, and \$873,808 towards fund-raising expenses. During 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, 2015 and 2014

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, 2015 and 2014, 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 2012.

3. ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following:

	September 30,	
	2015	2014
Trade receivables from sale of inventory	\$ 66,668	\$ 91,593
Receivables from RZIM international offices	56,228	18,543
Other receivables	516	10,396
	<u>\$ 123,412</u>	<u>\$ 120,532</u>

4. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2015	2014
Certificates of deposit	\$ 1,000,000	\$ 1,000,000
Money market accounts	6,957,298	4,637,668
Stocks	-	54,592
	<u>\$ 7,957,298</u>	<u>\$ 5,692,260</u>

For the years ended September 30, 2015 and 2014, investment income is \$129,458 and \$119,078, respectively, and consists of interest and dividend income earned on the above listed investments.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

5. INVENTORIES:

Inventories consist of the following:

	September 30,	
	2015	2014
Books	\$ 52,365	\$ 52,213
Digital video disks	17,103	12,699
Compact discs	6,242	5,652
Miscellaneous and other materials	878	939
	<u>\$ 76,588</u>	<u>\$ 71,503</u>

Cost of sales and gross profit:

	Year Ended September 30,	
	2015	2014
Sales of resource materials	\$ 124,726	\$ 177,393
Commissions for resource materials sold by third party	227,709	298,960
Cost of sales	<u>(75,338)</u>	<u>(197,675)</u>
Gross profit	<u>\$ 277,097</u>	<u>\$ 278,678</u>

6. PREPAID EXPENSES AND DEPOSITS:

Prepaid expenses and deposits consist of the following:

	September 30,	
	2015	2014
Prepaid expenses	\$ 531,931	\$ 127,318
Deposits	250,500	3,000
Miscellaneous other assets	21,000	-
	<u>\$ 803,431</u>	<u>\$ 130,318</u>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of the following:

	September 30,	
	2015	2014
Building	\$ 151,008	\$ 151,008
Office equipment	881,341	791,074
Furniture and fixtures	234,546	234,546
Leasehold improvements	196,524	196,524
Automobiles	68,040	68,040
Website and software	1,050,719	891,327
	2,582,178	2,332,519
Less accumulated depreciation	(1,989,310)	(1,663,832)
Work in progress	-	1,200
	\$ 592,868	\$ 669,887

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

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

	September 30,	
	2015	2014
Assets held in trust—Rabbi Trust *	\$ 1,026,035	\$ 988,562
Ravi Zacharias Educational Endowment Fund	388,329	401,428
	\$ 1,414,364	\$ 1,389,990

- \* 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 2015 and 2014, the Ministry deposited \$82,000 each year 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, 2015, the portfolio's allocation was as follows: 94.4% in equities and mutual funds, and 5.6% in cash and money market funds.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

9. NET ASSETS:

Restricted net assets consist of the following:

	September 30,	
	2015	2014
Temporarily restricted:		
Wellspring-general	\$ 262,706	\$ 227,266
Scholarships	30,000	2,715
Building capital funds	3,335,236	590,000
Q-Project	1,229,697	1,150,000
Retreat home	150,000	150,000
	\$ 5,007,639	\$ 2,119,981
Permanently restricted:		
Ravi Zacharias Educational Endowment Fund	\$ 322,516	\$ 322,516

10. LEASES:

*Office:* The Ministry has entered into a lease for office space. Total rent expense for the years ended September 30, 2015 and 2014, was \$431,040 and \$427,387, 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, 2015 and 2014, the total equipment lease payments were \$41,355 and \$80,981, respectively.

Future minimum lease payments under the operating leases are:

Years Ending September 30,	Amounts
2016	\$ 423,983
2017	405,218
2018	135,602
2019	3,160
Thereafter	3,160
	\$ 971,123



# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

11. 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 \$80,936 and \$65,243 during the fiscal years ended September 30, 2015 and 2014, respectively.

12. RELATED PARTY TRANSACTIONS:

*Investments:* The Ministry placed \$1,471,990 and \$1,091,050 with an investment management group in which a board member is a principal as of September 30, 2015 and 2014, respectively. As of September 30, 2015 and 2014, the invested balances were \$1,414,364 and \$1,389,990, respectively.

	September 30,	
	2015	2014
Accounts receivable from international affiliates:		
RZIM Zachtrust	\$ 233	\$ 4,200
RZIM Life Focus	-	13,289
RZIM Hong Kong	55,946	1,053
RZIM Africa Trust	49	-
	\$ 56,228	\$ 18,542
Grants made to international affiliates:		
RZIM Zacharias Trust	\$ 5,706,162	\$ 6,042,256
RZIM Asia-Pacific, Ltd.	37,500	443,764
RZIM Life Focus Society	980,935	1,100,801
RZIM Turkey	234,363	-
RZIM Africa Trust	125,012	-
RZIM Canada	65,720	-
RZIM Hong Kong, Limited	60,000	193,707
	\$ 7,209,692	\$ 7,780,528

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

### 13. 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, 2015, 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, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Donor-restricted funds	\$ 65,813	\$ -	\$ 322,516
Board-designated funds	-	-	-
	<u>\$ 65,813</u>	<u>\$ -</u>	<u>\$ 322,516</u>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

13. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 78,912	\$ -	\$ 322,516
Investment return:			
Investment income	-	-	-
Net realized and unrealized loss	(13,099)	-	-
Total investment return	(13,099)	-	-
Contributions	-	-	-
Amounts appropriated for expenditure	-	-	-
Other changes:			
Release of donor restrictions and reclassification of deficits balances	-	-	-
	(13,099)	-	-
Endowment net asset, end of year	\$ 65,813	\$ -	\$ 322,516

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

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

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2015 and 2014

13. 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

	Year Ended September 30,	
	2015	2014
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, 2015 and 2014

13. 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, 2015.

*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.

14. SUBSEQUENT EVENTS:

Subsequent to the end of the fiscal year, the Ministry entered into an agreement to purchase property in the Atlanta area. The purchase price is \$15 Million for land and building. The Ministry also opened a \$5,000,000 line of credit, however, no draws on the line of credit have been made.

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, 2015 and 2014, and our report thereon dated December 18, 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  
December 18, 2015

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Schedule of Functional Expenses

Year Ended September 30, 2015

	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	\$ 75,751	\$ 46,315	\$ 33,760	\$ 3,656	\$ 159,482	\$ 14,289	\$ 310,285	\$ 324,574	\$ 484,056
Bank charges	18,069	6,042	3,768	4,548	32,427	14,612	10,972	25,584	58,011
Brochures and literature	467,132	3,277	270	8,782	479,461	3,939	503,185	507,124	986,585
Credit card processing fees	161,380	-	-	-	161,380	2,172	-	2,172	163,552
Conferences, lectures, and seminars	292,616	-	2,020	19,731	314,367	-	656,369	656,369	970,736
Consulting and contract work	195,939	24,764	16,223	96,228	333,154	43,326	101,694	145,020	478,174
Cost of sales	-	75,339	-	-	75,339	-	-	-	75,339
Depreciation	71,776	30,221	22,575	115,279	239,851	45,334	40,293	85,627	325,478
Insurance	17,825	7,094	4,552	5,677	35,148	10,770	9,190	19,960	55,108
Domestic and international grants	343,358	-	-	8,701,663	9,045,021	-	-	-	9,045,021
Materials resource and research	11,744	-	-	52	11,796	68	581	649	12,445
Miscellaneous	34,353	1,436	1,135	1,664	38,588	10,309	2,840	13,149	51,737
Office supplies and equipment	33,608	5,902	17,799	9,349	66,658	23,902	30,675	54,577	121,235
Postage, printing, and supplies	11,407	982	75	186	12,650	1,290	26,691	27,981	40,631
Professional fees	94,347	7,391	11,823	6,289	119,850	20,409	10,583	30,992	150,842
Radio and media	-	-	4,294,466	-	4,294,466	-	-	-	4,294,466
Rent	149,645	42,058	75,130	49,309	316,142	66,300	89,954	156,254	472,396
Repairs and maintenance	33,398	22,474	65	-	55,937	8,758	-	8,758	64,695
Royalties and honorariums	41,490	-	-	-	41,490	-	9,904	9,904	51,394
Salaries and benefits	2,620,302	228,950	428,286	805,310	4,082,848	884,008	779,079	1,663,087	5,745,935
Taxes and licenses	136,630	15,920	29,339	71,187	253,076	64,531	61,652	126,183	379,259
Telephone	45,010	5,748	4,046	11,177	65,981	14,581	25,057	39,638	105,619
Staff training and meetings	84,177	1,887	1,198	6,399	93,661	27,339	3,629	30,968	124,629
Travel	935,463	834	15,481	228,629	1,180,407	21,699	201,058	222,757	1,403,164
<b>Total</b>	<b>\$ 5,875,420</b>	<b>\$ 526,634</b>	<b>\$ 4,962,011</b>	<b>\$10,145,115</b>	<b>\$21,509,180</b>	<b>\$ 1,277,636</b>	<b>\$ 2,873,691</b>	<b>\$ 4,151,327</b>	<b>\$25,660,507</b>
	23%	2%	19%	40%	84.0%	5%	11%	16.0%	100%



# 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>
	20%	3%	20%	41%	84%	5%	11%	16%	100%