

FINANCIALS

RAVI ZACHARIAS  
INTERNATIONAL  
MINISTRIES

# Financial Statements

INDEPENDENT AUDITORS' REPORT  
SEPTEMBER 30, 2016 AND 2015

For additional copies of this publication or  
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**Ravi Zacharias International Ministries**

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## 2016 AUDITED FINANCIAL STATEMENTS

What a year we have just had. What was a long-awaited dream in the hearts of Ravi, Margie, and a handful of speakers has just become a reality! With 47 itinerants on the road proclaiming the good news, the Oxford Centre for Christian Apologetics, a now permanent pipeline of apologists, and the upcoming launch of the Zacharias Institute, we pause to acknowledge God's amazing provision this past fiscal year. Our words echo those of the prophet Samuel at Ebenezer, recognizing that only the Lord could have helped us get this far! At the close of this fiscal year, we are humbled to report that in the US, operating revenues ended at \$23.7 million, reflecting a net increase of \$2.7 million or 13 percent. Total revenues, including designated projects such as the Zacharias Institute, increased by over 66 percent over prior year. Excluding non-cash income, revenues arrived at \$44.5 million, reflecting an increase of over 72 percent over 2015. In sum, the ministry had a record giving year after accounting for \$19.2 million towards the Zacharias Institute alone. Expenses, which exclude capital investments but include international grants and global affiliate support of over \$7.9 million, totaled \$27.5 million. Overall, the US reported a positive consolidated change in net assets of \$19.8 million in the period. Year on year the ministry's direct program support allocation increased over \$1.2 million. This is equivalent to an effective 6 percent increase, of which nearly 96 percent was poured into core ministry programs and other evangelistic efforts. This fiscal year, core program investment was strategically allocated towards speaking events shown under the conferences, lectures and seminars line of the Statement of Activities. These were followed by additions to evangelism through media listed under the media ministries line. Functionally speaking, the ministry's allocation to programs, fundraising, and management remained solid and materially consistent with prior year's distributions at 83 percent, 11 percent, and 6 percent, respectively.

Once again, the main driver of the balance sheet enhancement this year was triggered by gifts towards the Zacharias Institute and its programs. Donations earmarked for the Zacharias Institute and the ministry's global headquarters facilities based in Alpharetta, Georgia, amounted to a total of \$19.2 million. Parallel to this was our major organic expansion, which impacted both our ministry staff as well as our supporting team that helps carry out our programs.

That said, the ministry continued to exercise prudence and a conservative risk management approach towards unforeseeable economic uncertainty. Through a variety of strategies, our teams worked hard to preserve resources as much as possible and to intentionally ensure the sustaining of our key programs abroad. By God's grace, we are humbled to report that we accomplished this with minimal unfavorable variances against our internal operating budget goals. Lastly, in spite of a fast expansion on all ministry fronts, with the full and strong support of the global board and in close coordination with our international offices, we were successful at maintaining adequate cash reserves that reflect the growth of the ministry worldwide.

Ravi Zacharias International Ministries, Inc. maintains and frequently updates its 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. The Audit Committee, composed solely of outside directors, meets directly and separately and as needed with the independent auditors, internal auditors, and management to ensure that each area is properly discharging its responsibilities.

We can't begin to express our gratitude to our Lord and to you, our partners and friends. We could not have made it this past year without your prayers and support. By God's grace and thanks to your support, you enabled Ravi Zacharias and the global itinerant team to speak before the most influential audiences, at university campuses, in the political arenas, before business leaders, and through the vast media circles. The pledge of our entire ministry is to revere Christ as Lord so that we are always prepared to give an answer to everyone who asks for the reason for our hope, helping the thinker believe and the believer think.

In Christ,



Jeanette Chuquiure  
*Global Chief Financial Officer*

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

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## 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, 2016 and 2015, 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, 2016 and 2015, 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*

Lawrenceville, Georgia  
December 21, 2016

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Financial Position

	September 30,	
	2016	2015
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 6,231,022	\$ 1,471,455
Accounts receivable	138,273	123,412
Investments	6,246,950	7,957,298
Inventories	104,366	76,588
Prepaid expenses and deposits	935,184	803,431
Property and equipment–net	18,923,779	592,868
Assets held in perpetuity and for long-term purposes	1,576,379	1,414,364
	<u>\$ 34,155,953</u>	<u>\$ 12,439,416</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 1,907,278	\$ 541,677
Accrued expenses	870,589	472,879
Rabbi trust liability	1,157,544	1,026,035
	<u>3,935,411</u>	<u>2,040,591</u>
Net assets:		
Unrestricted:		
Undesignated working capital	3,913,363	3,506,863
Designated:		
Founders' Weekend	1,000,000	968,939
Equity in property and equipment	18,923,779	592,868
	<u>23,837,142</u>	<u>5,068,670</u>
Temporarily restricted	6,060,884	5,007,639
Permanently restricted	322,516	322,516
	<u>30,220,542</u>	<u>10,398,825</u>
Total Liabilities and Net Assets	<u>\$ 34,155,953</u>	<u>\$ 12,439,416</u>

See notes to financial statements

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Activities

	Year Ended September 30,							
	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>								
Support:								
Cash contributions	\$20,629,742	\$20,716,086	\$ -	\$41,345,828	\$18,302,568	\$4,762,011	\$ -	\$23,064,579
Donated radio airtime	2,900,994	-	-	2,900,994	2,680,172	-	-	2,680,172
Noncash contributions	1,361,921	-	-	1,361,921	1,493,216	-	-	1,493,216
	<u>24,892,657</u>	<u>20,716,086</u>	<u>-</u>	<u>45,608,743</u>	<u>22,475,956</u>	<u>4,762,011</u>	<u>-</u>	<u>27,237,967</u>
Revenue:								
Sales of resource materials	391,602	-	-	391,602	352,435	-	-	352,435
Conference/seminar fees	820,546	-	-	820,546	591,386	-	-	591,386
Honorariums and travel reimbursements	344,587	-	-	344,587	199,952	-	-	199,952
Investment income	103,909	-	-	103,909	129,458	-	-	129,458
Investment gain (loss)	31,618	-	-	31,618	(13,099)	-	-	(13,099)
Miscellaneous income	52,230	-	-	52,230	-	-	-	-
	<u>1,744,492</u>	<u>-</u>	<u>-</u>	<u>1,744,492</u>	<u>1,260,132</u>	<u>-</u>	<u>-</u>	<u>1,260,132</u>
Total Support and Revenue	<u>26,637,149</u>	<u>20,716,086</u>	<u>-</u>	<u>47,353,235</u>	<u>23,736,088</u>	<u>4,762,011</u>	<u>-</u>	<u>28,498,099</u>
<b>RECLASSIFICATIONS:</b>								
Net assets released from restrictions by satisfaction of:								
Purpose restrictions	19,662,841	(19,662,841)	-	-	1,874,353	(1,874,353)	-	-
<b>EXPENSES:</b>								
Program services:								
Conferences, lectures, and seminars	8,385,348	-	-	8,385,348	5,875,420	-	-	5,875,420
Resource materials	493,733	-	-	493,733	526,634	-	-	526,634
Media ministries	5,344,548	-	-	5,344,548	4,962,011	-	-	4,962,011
International ministries	8,531,839	-	-	8,531,839	10,145,115	-	-	10,145,115
	<u>22,755,468</u>	<u>-</u>	<u>-</u>	<u>22,755,468</u>	<u>21,509,180</u>	<u>-</u>	<u>-</u>	<u>21,509,180</u>
Supporting activities:								
Management and general	1,678,770	-	-	1,678,770	1,277,636	-	-	1,277,636
Fund-raising	3,097,280	-	-	3,097,280	2,873,691	-	-	2,873,691
	<u>4,776,050</u>	<u>-</u>	<u>-</u>	<u>4,776,050</u>	<u>4,151,327</u>	<u>-</u>	<u>-</u>	<u>4,151,327</u>
Total Expenses	<u>27,531,518</u>	<u>-</u>	<u>-</u>	<u>27,531,518</u>	<u>25,660,507</u>	<u>-</u>	<u>-</u>	<u>25,660,507</u>
Change in Net Assets	18,768,472	1,053,245	-	19,821,717	(50,066)	2,887,658	-	2,837,592
Net Assets, Beginning of Year	5,068,670	5,007,639	322,516	10,398,825	5,118,736	2,119,981	322,516	7,561,233
Net Assets, End of Year	<u>\$23,837,142</u>	<u>\$ 6,060,884</u>	<u>\$322,516</u>	<u>\$30,220,542</u>	<u>\$ 5,068,670</u>	<u>\$5,007,639</u>	<u>\$322,516</u>	<u>\$10,398,825</u>

See notes to financial statements



# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Statements of Cash Flows

	Year Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 19,821,717	\$ 2,837,592
Adjustments to reconcile change in net assets:		
Depreciation	220,248	325,478
Realized and unrealized loss (gain)	(31,618)	13,099
Noncash contributions of securities	(1,361,921)	(1,493,216)
Changes in operating assets and liabilities:		
Accounts receivable	(14,861)	(2,880)
Inventories	(27,778)	(5,085)
Prepaid expenses	(131,753)	(673,113)
Accounts payable	1,365,601	141,257
Accrued expenses	397,710	231,123
Rabbi trust liability	131,509	37,473
Net Cash Provided by Operating Activities	20,368,854	1,411,728
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(18,551,159)	(248,459)
Purchases of investments	-	(809,295)
Proceeds from the sale of investments	2,941,872	-
Net Cash Used by Investing Activities	(15,609,287)	(1,057,754)
Net Change in Cash and Cash Equivalents	4,759,567	353,974
Cash and Cash Equivalents, Beginning of Year	1,471,455	1,117,481
Cash and Cash Equivalents, End of Year	\$ 6,231,022	\$ 1,471,455
<b>NONCASH INVESTING ACTIVITIES:</b>		
Noncash contributions of securities and equipment	\$ 1,361,921	\$ 1,493,216

See notes to financial statements

# **RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.**

## **Notes to Financial Statements**

September 30, 2016 and 2015

### 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), Macedonia (Ravi Zacharias International Ministries Macedonia), Peru (Ravi Zacharias International Ministries Latam), 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, 2016 and 2015

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, 2016 and 2015

### 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.

The *Fair Value Measurements and Disclosure* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Ministry uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Ministry measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

All investments held by the Ministry are either money market funds, certificates of deposit, or stocks. The value of these investments are based on quoted market prices and are considered Level 1. There were no changes in valuation techniques during the year.

#### 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, 2016 and 2015

### 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, 2016 and 2015, were \$2,900,994 and \$2,680,172, 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, 2016 and 2015, 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.

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.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2016 and 2015

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

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

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 the Ministry. Consequently, the Ministry receives donor-restricted gifts from the Davis Foundation every year for this purpose. In 2016, Founders' Weekend disbursements included \$94,654 allocated to ministry program services, followed by \$28,976 for management and general costs, and \$786,698 towards fund-raising expenses. During 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.

#### 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.

#### 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, 2016 and 2015, 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 2013.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2016 and 2015

3. ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following:

	September 30,	
	2016	2015
Trade receivables from sale of inventory	\$ 105,977	\$ 66,668
Receivables from RZIM international offices	29,830	56,228
Other receivables	2,466	516
	<u>\$ 138,273</u>	<u>\$ 123,412</u>

4. INVESTMENTS:

Investments consist of the following:

	September 30,	
	2016	2015
Certificates of deposit	\$ 1,000,000	\$ 1,000,000
Money market accounts	5,227,029	6,957,298
Stocks	19,921	-
	<u>\$ 6,246,950</u>	<u>\$ 7,957,298</u>

For the years ended September 30, 2016 and 2015, investment income is \$103,909 and \$129,458, 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, 2016 and 2015

5. INVENTORIES:

Inventories consist of the following:

	September 30,	
	2016	2015
Books	\$ 58,714	\$ 52,365
Digital video disks	19,963	17,103
Compact discs	5,807	6,242
Miscellaneous and other materials	19,882	878
	\$ 104,366	\$ 76,588

Cost of sales and gross profit:

	Year Ended September 30,	
	2016	2015
Sales of resource materials	\$ 103,946	\$ 124,726
Commissions for resource materials sold by third party	287,656	227,709
	391,602	352,435
Cost of sales	(38,854)	(75,338)
	\$ 352,748	\$ 277,097

6. PREPAID EXPENSES AND DEPOSITS:

Prepaid expenses and deposits consist of the following:

	September 30,	
	2016	2015
Prepaid expenses	\$ 935,184	\$ 531,931
Deposits	-	250,500
Miscellaneous other assets	-	21,000
	\$ 935,184	\$ 803,431



# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2016 and 2015

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of the following:

	September 30,	
	2016	2015
Building	\$ 433,115	\$ 151,008
Office equipment	882,718	881,341
Furniture and fixtures	274,600	234,546
Leasehold improvements	196,524	196,524
Automobiles	68,040	68,040
Website and software	1,221,853	1,050,719
	3,076,850	2,582,178
Less accumulated depreciation	(2,209,558)	(1,989,310)
Building in progress	18,056,487	-
	\$18,923,779	\$ 592,868

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,	
	2016	2015
Assets held in trust—Rabbi Trust *	\$ 1,157,544	\$ 1,026,035
Ravi Zacharias Educational Endowment Fund	418,835	388,329
	\$ 1,576,379	\$ 1,414,364

\* 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 2016 and 2015, 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, 2016, the portfolio's allocation was as follows: 98.5% in equities and mutual funds, and 1.5% in cash and money market funds.

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2016 and 2015

9. NET ASSETS:

Restricted net assets consist of the following:

	September 30,	
	2016	2015
Temporarily restricted:		
Wellspring-general	\$ 251,836	\$ 262,706
Scholarships	30,000	30,000
Building capital funds	4,685,015	3,335,236
Q-Project	1,094,033	1,229,697
Retreat home	-	150,000
	<u>\$ 6,060,884</u>	<u>\$ 5,007,639</u>
Permanently restricted:		
Ravi Zacharias Educational Endowment Fund	<u>\$ 322,516</u>	<u>\$ 322,516</u>

10. LEASES:

*Office:* The Ministry has entered into a lease for office space. Total rent expense for the years ended September 30, 2016 and 2015, was \$422,644 and \$431,040, 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, 2016 and 2015, the total equipment lease payments were \$27,587 and \$41,355, respectively.

Future minimum lease payments under the operating leases are:

Years Ending September 30,	Amounts
2017	\$ 405,218
2018	135,602
2019	3,160
2020	3,160
Thereafter	-
	<u>\$ 547,140</u>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2016 and 2015

### 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 \$96,219 and \$80,936 during the fiscal years ended September 30, 2016 and 2015, respectively.

### 12. RELATED PARTY TRANSACTIONS:

*Investments:* As of September 30, 2016 and 2015, respectively, the Ministry placed \$1,576,379 and \$1,414,364 with an investment management group in which a board member is a principal.

	<u>September 30,</u>	
	<u>2016</u>	<u>2015</u>
Accounts receivable from international affiliates:		
RZIM Zachtrust	\$ -	\$ 233
RZIM Hong Kong	29,830	55,946
RZIM Africa Trust	-	49
	<u>\$ 29,830</u>	<u>\$ 56,228</u>
Grants made to international affiliates:		
RZIM Zacharias Trust	\$ 4,041,350	\$ 5,706,162
RZIM Asia-Pacific, Ltd.	203,000	37,500
RZIM Life Focus Society	524,000	980,935
RZIM Turkey	182,207	234,363
RZIM Africa Trust	161,705	125,012
RZIM Canada	15,010	65,720
RZIM Hong Kong, Limited	-	60,000
RZIM Austria	198,927	-
RZIM Romania	109,186	-
RZIM Spain	297,671	-
RZIM Balkans	76,689	-
	<u>\$ 5,809,745</u>	<u>\$ 7,209,692</u>

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2016 and 2015

### 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, 2016, 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, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted
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, 2016 and 2015

13. ENDOWMENTS, continued:

Changes in endowment net assets for year ended September 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 65,813	\$ -	\$ 322,516
Investment return:			
Investment income	-	-	-
Net realized and unrealized loss	30,506	-	-
Total investment return	30,506	-	-
Contributions	-	-	-
Amounts appropriated for expenditure	-	-	-
Other changes:			
Release of donor restrictions and reclassification of deficits balances	-	-	-
	30,506	-	-
Endowment net asset, end of year	\$ 96,319	\$ -	\$ 322,516

Endowment net asset composition by type of fund as of September 30, 2015:

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

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Notes to Financial Statements

September 30, 2016 and 2015

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 gains (realized and unrealized)	(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

	Year Ended September 30,	
	2016	2015
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, 2016 and 2015

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, 2016.

*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. LINE OF CREDIT:

RZIM maintains a line of credit with Wells Fargo. As of September 30, 2016 and 2015, the outstanding balance was \$0 and no draws had been made on the line of credit.

15. 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, 2016 and 2015, and our report thereon dated December 21, 2016, 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*

Lawrenceville, Georgia  
December 21, 2016

# RAVI ZACHARIAS INTERNATIONAL MINISTRIES, INC.

## Schedule of Functional Expenses

Year Ended September 30, 2016

	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	\$ 79,212	\$ -	\$ 2,620	\$ 1,687	\$ 83,519	\$ -	\$ 428,382	\$ 428,382	\$ 511,901
Bank charges	16,580	4,947	3,533	1,456	26,516	14,121	8,544	22,665	49,181
Brochures and literature	505,148	1,761	363	30	507,302	897	593,984	594,881	1,102,183
Credit card processing fees	-	-	-	-	-	230,241	-	230,241	230,241
Conferences, lectures, and seminars	700,927	37	8,133	48	709,145	11,907	473,776	485,683	1,194,828
Consulting and contract work	321,813	593	6,852	106,944	436,202	4,429	96,933	101,362	537,564
Cost of sales	-	38,854	-	-	38,854	-	-	-	38,854
Depreciation	85,429	25,506	18,219	7,288	136,442	47,369	36,438	83,807	220,249
Insurance	30,595	5,779	4,506	1,906	42,786	11,473	8,343	19,816	62,602
Domestic and international grants	330,540	-	-	7,540,958	7,871,498	-	-	-	7,871,498
Materials resource and research	8,691	-	-	88	8,779	336	227	563	9,342
Miscellaneous	36,424	134	265	42,113	78,936	45	4,987	5,032	83,968
Office supplies and equipment	222,735	19,008	19,874	2,527	264,144	52,012	16,063	68,075	332,219
Postage, printing, and supplies	4,760	406	25	225	5,416	641	19,680	20,321	25,737
Professional fees	112,471	4,320	3,585	17,025	137,401	29,615	6,291	35,906	173,307
Radio and media	-	-	4,596,027	-	4,596,027	-	-	-	4,596,027
Rent	143,554	42,523	78,612	34,506	299,195	64,127	59,321	123,448	422,643
Repairs and maintenance	150,741	112,011	70,262	7,863	340,877	60,378	121,725	182,103	522,980
Royalties and honorariums	10,000	-	-	-	10,000	-	-	-	10,000
Salaries and benefits	3,784,175	213,947	468,429	564,566	5,031,117	1,008,983	929,614	1,938,597	6,969,714
Taxes and licenses	370,964	15,462	31,971	55,974	474,371	57,552	68,789	126,341	600,712
Telephone	62,082	5,441	3,709	4,657	75,889	13,671	22,694	36,365	112,254
Staff training and meetings	48,533	2,893	3,380	2,845	57,651	27,414	19,786	47,200	104,851
Travel	1,359,974	111	24,183	139,133	1,523,401	43,559	181,703	225,262	1,748,663
<b>Total</b>	<b>\$ 8,385,348</b>	<b>\$ 493,733</b>	<b>\$ 5,344,548</b>	<b>\$ 8,531,839</b>	<b>\$22,755,468</b>	<b>\$ 1,678,770</b>	<b>\$ 3,097,280</b>	<b>\$ 4,776,050</b>	<b>\$27,531,518</b>

# 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>



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