

**RIGHT SHARING OF WORLD RESOURCES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2023**

DRAFT

**RIGHT SHARING OF WORLD RESOURCES, INC.**  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Right Sharing of World Resources, Inc.  
Richmond, Indiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Right Sharing of World Resources, Inc., which comprise the statement of financial position as of June 30, 2023 and the related statement of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Right Sharing of World Resources, Inc. as of June 30, 2023, and the changes in its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Right Sharing of World Resources, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Right Sharing of World Resources, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Right Sharing of World Resources, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Right Sharing of World Resources, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Philadelphia, Pennsylvania  
June 17, 2024

**RIGHT SHARING OF WORLD RESOURCES  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023**

**ASSETS**

Cash and cash equivalents	\$ 178,124
Investments	2,488,092
Accounts receivable	4,069
Notes receivable	43,951
Prepaid expenses	1,760
Property and equipment, net	-
<b>TOTAL ASSETS</b>	<u><u>\$ 2,715,996</u></u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>	
Accounts payable	\$ 14,960
Accrued liabilities	11,263
Notes payable	103,972
<b>TOTAL LIABILITIES</b>	<u>130,195</u>
 <b>NET ASSETS</b>	
Without donor restrictions	2,585,801
With donor restrictions	-
<b>TOTAL NET ASSETS</b>	<u>2,585,801</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 2,715,996</u></u>

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**RIGHT SHARING OF WORLD RESOURCES  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 1,013,478	\$ 89,015	\$ 1,102,493
Contributions of nonfinancial assets	2,876	-	2,876
Investment income, net	259,616	-	259,616
Other income	3,476	-	3,476
Net assets released from restrictions	89,015	(89,015)	-
<b>Total revenue and support</b>	<b>1,368,461</b>	<b>-</b>	<b>1,368,461</b>
<b>EXPENSES</b>			
Program services	757,909	-	757,909
Supporting services			
Management and general	50,681	-	50,681
Fundraising	91,122	-	91,122
<b>Total expenses</b>	<b>899,712</b>	<b>-</b>	<b>899,712</b>
<b>Change in net assets</b>	<b>468,749</b>	<b>-</b>	<b>468,749</b>
<b>NET ASSETS</b>			
Beginning of year	2,117,052	-	2,117,052
End of year	<u>\$ 2,585,801</u>	<u>\$ -</u>	<u>\$ 2,585,801</u>

**RIGHT SHARING OF WORLD RESOURCES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 201,070	\$ 14,334	\$ 62,723	\$ 278,127
Payroll tax expense	16,437	1,174	5,870	23,481
Retirement expense	6,888	365	2,232	9,485
Employee benefits	14,868	788	4,816	20,472
Total salaries and related expenses	239,263	16,661	75,641	331,565
Advertising	2,970	-	742	3,712
Bank fees	5,423	-	-	5,423
Board expenses	11,729	1,696	706	14,131
Computer related expenses	5,076	987	986	7,049
Conferences, conventions and meetings	4,848	269	721	5,838
Contract services	26,555	24,906	159	51,620
Depreciation and amortization	-	512	-	512
Equipment expense	4,136	207	827	5,170
Fundraising expenses	-	-	4,237	4,237
Grants to projects	218,025	-	-	218,025
In country representation	182,609	-	-	182,609
Insurance	1,277	185	76	1,538
Website/graphic design	3,796	-	200	3,996
Miscellaneous	188	2,580	38	2,806
Newsletter	9,952	-	1,106	11,058
Occupancy	768	38	154	960
Office supplies	1,287	91	435	1,813
Postage and bulk mail services	2,408	120	481	3,009
Telecommunications	3,840	443	641	4,924
Travel	33,759	1,986	3,972	39,717
Total expenses	<u>\$ 757,909</u>	<u>\$ 50,681</u>	<u>\$ 91,122</u>	<u>\$ 899,712</u>

See accompanying Notes to Financial Statements.

**RIGHT SHARING OF WORLD RESOURCES  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 468,749
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	512
Net realized and unrealized (gain) on investments	(216,895)
(Increase) decrease in assets	
Notes receivable	(23,012)
Increase (decrease) in liabilities	
Accounts payable	10,583
Accrued liabilities	3,803
	<u>243,740</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sale of investments	180,225
Purchase of investments	(350,000)
	<u>(169,775)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Redemption of notes payable	(10,000)
	<u>(10,000)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	63,965
Cash and cash equivalents - beginning of year	114,159
	<u>114,159</u>
Cash and cash equivalents - end of year	<u><u>\$ 178,124</u></u>

*See accompanying Notes to Financial Statements.*



**RIGHT SHARING OF WORLD RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1            NATURE OF ORGANIZATION**

Right Sharing of World Resources, Inc. (the "Organization") is a nonprofit organization that supports grassroots development and economic discipleship around the world. The Organization works with groups of marginalized women in India, Sierra Leone and Kenya. The grants provided by the Organization support innovative income generating, awareness building, and environment regeneration projects. It is the Organization's philosophy that "God calls us to the right sharing of world resources, from the burden of materialism and poverty into the abundance of God's love, to work for equity through partnerships with our sisters and brothers throughout the world." The Organization provides educational opportunities in the United States, Europe, India, Sierra Leone and Kenya. The Organization's primary sources of income are from contributions and investment earnings.

**NOTE 2            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

**Basis of Accounting**

The Organization prepares its financial statements using the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when incurred.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported revenues and expenses during the reporting period and the reported assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

**Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the limits or designations set by the board, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

**RIGHT SHARING OF WORLD RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Net Assets With Donor Restrictions*

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature. At June 30, 2023, there were no net assets with donor restrictions.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Grants and Contributions Receivable**

Grants and contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Grants and contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Management believes that all outstanding promises to give are collectible in full, therefore, no allowance for uncollectible promises to give has been provided.

**Investments**

The Organization's investments are measured at fair value in the statement of financial position.

**Property and Equipment**

Property and equipment consist of leasehold improvements and equipment that are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Property and equipment are capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Leasehold improvements are amortized over the term of the lease. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years
Equipment	3 years

All property and equipment was fully depreciated as of June 30, 2023.

**Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

**RIGHT SHARING OF WORLD RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2**            **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions of Nonfinancial Assets**

Contributions of nonfinancial assets consist primarily of board member payment of board expenses and are recorded at the respective fair value of the goods received.

**Functional Allocation of Expenses**

The costs of providing the various programs and support activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural expense detail by function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll, payroll taxes, payroll processing fees and insurance are allocated on the basis of time and effort. Other office related expenses are allocated based on the estimated cost of specific tasks.

**Endowment Investment and Spending Policies**

The Organization has adopted an investment policy for endowment assets that attempts to preserve the real purchasing power of the assets, and provide a growing stream of income to be made available for spending, and keeping pace with inflation in order to sustain the operations and grant-making capacity of the Organization. The investment policy establishes a return objective through diversification of asset classes.

To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The Organization adopted a formal spending policy to calculate the amount of money annually distributed from the Organization's endowed funds. For June 30, 2023, the board approved a semi-annual spending rate of 4.5%.

**Advertising**

Advertising costs are expensed as incurred. Advertising expenses were \$3,712 for the year ended June 30, 2023.

**Income Taxes**

The Organization is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, there is no provision for income taxes in the accompanying financial statements. The Organization follows the accounting guidance for uncertain tax positions. The Organization believes that it has appropriate support for any tax position taken and as such, does not have any uncertain tax positions that are material to the financial statements.

**RIGHT SHARING OF WORLD RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 LIQUIDITY AND AVAILABILITY**

The following represents the Organization's financial assets at June 30, 2023:

Cash and cash equivalents	\$ 178,124
Investments	2,488,092
Accounts receivable	4,069
Grants and contributions receivable	<u>43,951</u>
<b>Total financial assets</b>	<b>2,714,236</b>
Less: Amounts not available to be used within one year due to restrictions:	
Endowment funds subject to the Organization's spending policy:	
Board designated funds less the next year's approved draw	(599,685)
Board designated non-endowment funds	(1,332,758)
Funds required to be held for notes payable repayment	<u>(103,972)</u>
	<u><u>(2,036,415)</u></u>
Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 677,821</u></u>

The Organization monitors financial assets to meet ongoing operating expense over a 12-month period.

**NOTE 4 FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

**RIGHT SHARING OF WORLD RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table summarizes the levels in the fair value hierarchy at June 30, 2023:

Description	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ 2,488,092	\$ -	\$ 2,488,092
Total assets measured at fair value	\$ -	\$ 2,488,092	\$ -	\$ 2,488,092

**NOTE 5 NOTES RECEIVABLE AND RELATED ACCOUNTS RECEIVABLE**

Notes and accounts receivable consists of loans and other receivables to in-country representatives. Notes receivable have interest payable at 4.5%. The outstanding balance as of June 30, 2023 was \$43,951 and consists of two notes.

**NOTE 6 NOTES PAYABLE**

Notes payable consisted of seven loans for a total of \$103,972 as of June 30, 2023. The non-interest bearing loans were made to the Organization by various individual and family supporters.

The loan covenants require that the principal be maintained in a separate interest-bearing account. As of June 30, 2023, the Organization held \$464,593 in a short-term investment fund which is included in the investments total on the statements of financial position. The earnings are available for use by the Organization.

The three largest loans as of June 30, 2023 and 2021 were in the amounts of \$50,750, \$30,000 and \$20,000. These loans comprise 97% of the total loans outstanding as of June 30, 2023. All of the loans are non-interest bearing, payable on demand with 30 to 180 days notice, and with issue dates from 2004 through 2018.

**NOTE 7 ENDOWMENT FUNDS AND NET ASSETS**

The following is a summary of changes in endowment net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>
Endowment net assets, beginning of year	\$ 602,829
Investment income	28,223
Net investment income (realized and unrealized)	166,710
Amounts appropriated for expenditure	<u>(107,020)</u>
Endowment net assets, end of year	<u>\$ 690,742</u>

**RIGHT SHARING OF WORLD RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7**            **ENDOWMENT FUNDS AND NET ASSETS (CONTINUED)**

The following table summarizes all Organization net assets as of June 30, 2023:

	Without Donor Restrictions
Endowment funds:	
Board designated	\$ 690,742
Non-endowment funds:	
Board designated	1,082,758
Board designated - future grants pool	250,000
Undesignated	562,301
	1,895,059
	\$ 2,585,801

**NOTE 8**            **CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the year ended June 30, 2023, contributions of nonfinancial assets recognized within the statement of activities include the following:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Board expenses	\$ 2,876	Program services, administrative and general, and fundraising	None	Actual amount of the transaction incurred by board members.

**NOTE 9**            **PENSION**

The Organization has established a 403(b) retirement plan for the benefit of its employees who meet certain age and service requirements. Pension expense was \$9,485 for the year ended June 30, 2023.

In addition to endowment net assets, the Organization also manages other non-endowed funds.

**NOTE 10**          **SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through June 17, 2024, which is the date the financial statements were available to be issued. There were no other events that require recognition or additional disclosure in these financial statements.