



**World Radio Missionary Fellowship, Inc.,
dba Reach Beyond**

Financial statements for the Years Ended
December 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
World Radio Missionary Fellowship, Inc.
dba Reach Beyond

We have audited the accompanying financial statements of World Radio Missionary Fellowship, Inc. dba Reach Beyond, which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Radio Missionary Fellowship, Inc. dba Reach Beyond as of December 31, 2019 and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of World Radio Missionary Fellowship, Inc. dba Reach Beyond as of December 31, 2018 were audited by other auditors whose report dated May 8, 2019 expressed an unmodified opinion on those financial statements. In our opinion the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent in all material respects, with the audited financial statements from which it was derived.

Stockman Kast Ryan + Co. LLP

April 20, 2020

World Radio Missionary Fellowship, Inc., dba Reach Beyond
 Statements of Financial Position
 December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 1,236,051	\$ 911,854
Accounts receivable	49,807	86,024
Prepayments and other assets	31,550	358,902
Due from affiliates	6,726	83,496
Long-term advances	192,208	194,008
Investments	4,587,936	4,311,785
Property and equipment	371,544	413,131
Assets under gift annuity and trust agreements	<u>3,883,436</u>	<u>3,984,959</u>
 Total assets	 <u>\$ 10,359,258</u>	 <u>\$ 10,344,159</u>
Liabilities and net assets:		
Liabilities:		
Accounts payable and accrued expenses	\$ 148,937	\$ 134,817
Due to affiliates	31,952	21,090
Liabilities under gift annuity and trust agreements	<u>2,401,246</u>	<u>2,677,465</u>
 Total liabilities	 <u>2,582,135</u>	 <u>2,833,372</u>
Net assets:		
With donor restrictions:		
Missionary support	2,747,681	2,885,463
Projects	1,126,365	1,533,597
Irrevocable charitable remainder trusts	<u>3,574</u>	<u>3,589</u>
 Total net assets with donor restrictions	 <u>3,877,620</u>	 <u>4,422,649</u>
Without donor restrictions:		
Designated by the board - annuity reserves	1,478,616	1,303,906
Designated by the board - software reserves	84,151	-
Undesignated	<u>2,336,736</u>	<u>1,784,232</u>
 Total net assets without donor restrictions	 <u>3,899,503</u>	 <u>3,088,138</u>
 Total net assets	 <u>7,777,123</u>	 <u>7,510,787</u>
 Total liabilities and net assets	 <u>\$ 10,359,258</u>	 <u>\$ 10,344,159</u>

See notes to financial statements

World Radio Missionary Fellowship, Inc., dba Reach Beyond
 Statements of Activities
 For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Public support:						
Contributions	\$ 1,337,284	\$ 7,385,063	\$ 8,722,347	\$ 1,648,039	\$ 8,108,868	\$ 9,756,907
Donated goods and services	—	465,200	465,200	—	551,623	551,623
Total public support	<u>1,337,284</u>	<u>7,850,263</u>	<u>9,187,547</u>	<u>1,648,039</u>	<u>8,660,491</u>	<u>10,308,530</u>
Revenue:						
Earnings (loss) on investments	740,445	1,201	741,646	(269,219)	1,200	(268,019)
Media income	—	16,995	16,995	11,118	87,995	99,113
Change in value of annuities and trusts	468,583	(16)	468,567	(473,858)	(824)	(474,682)
Other income	12,497	28,973	41,470	16,638	2,096	18,734
Total revenue	<u>1,221,525</u>	<u>47,153</u>	<u>1,268,678</u>	<u>(715,321)</u>	<u>90,467</u>	<u>(624,854)</u>
Total public support and revenue	<u>2,558,809</u>	<u>7,897,416</u>	<u>10,456,225</u>	<u>932,718</u>	<u>8,750,958</u>	<u>9,683,676</u>
Net assets released:						
Purpose restrictions	7,684,749	(7,684,749)	—	9,565,855	(9,565,855)	—
Administrative assessments	757,696	(757,696)	—	818,739	(818,739)	—
Total net assets released	<u>8,442,445</u>	<u>(8,442,445)</u>	<u>—</u>	<u>10,384,594</u>	<u>(10,384,594)</u>	<u>—</u>
Expenses:						
Program services:						
Media	2,445,734	—	2,445,734	6,151,969	—	6,151,969
Healthcare	1,442,783	—	1,442,783	7,838,953	—	7,838,953
Leadership development	1,610,864	—	1,610,864	3,014,414	—	3,014,414
Missions awareness	1,337,501	—	1,337,501	1,677,456	—	1,677,456
Total program services	<u>6,836,882</u>	<u>—</u>	<u>6,836,882</u>	<u>18,682,792</u>	<u>—</u>	<u>18,682,792</u>
Supporting activities:						
General and administrative	2,136,198	—	2,136,198	2,851,928	—	2,851,928
Fundraising	1,216,809	—	1,216,809	911,305	—	911,305
Total supporting activities	<u>3,353,007</u>	<u>—</u>	<u>3,353,007</u>	<u>3,763,233</u>	<u>—</u>	<u>3,763,233</u>
Total expenses	<u>10,189,889</u>	<u>—</u>	<u>10,189,889</u>	<u>22,446,025</u>	<u>—</u>	<u>22,446,025</u>
Excess (deficit) of public support and revenue over expenses	811,365	(545,029)	266,336	(11,128,713)	(1,633,636)	(12,762,349)
Net assets, beginning of year	<u>3,088,138</u>	<u>4,422,649</u>	<u>7,510,787</u>	<u>14,216,851</u>	<u>6,056,285</u>	<u>20,273,136</u>
Net assets, end of year	<u>\$ 3,899,503</u>	<u>\$ 3,877,620</u>	<u>\$ 7,777,123</u>	<u>\$ 3,088,138</u>	<u>\$ 4,422,649</u>	<u>\$ 7,510,787</u>

See notes to financial statements

World Radio Missionary Fellowship, Inc., dba Reach Beyond
 Statements of Functional Expenses
 For the Years Ended December 31, 2019 and 2018

	2019								
	Program Services					Supporting Activities			
	Media	Healthcare	Leadership Development	Missions Awareness	Subtotal	General and Administrative	Fundraising	Subtotal	Total
Expenses:									
Personnel costs	\$ 1,656,031	\$ 971,720	\$ 1,343,966	\$ 1,056,495	\$ 5,028,212	\$ 1,665,977	\$ 441,058	\$ 2,107,035	\$ 7,135,247
Materials and supplies	52,810	14,737	10,768	3,710	82,025	24,623	116,086	140,709	222,734
Postage and shipping	3,757	2,520	2,457	4,998	13,732	3,821	8,096	11,917	25,649
Occupancy costs	34,736	16,028	18,282	9,781	78,827	48,976	59,783	108,759	187,586
Printing and public relations	71,965	61,283	52,610	40,710	226,568	33,363	97,453	130,816	357,384
Professional services	217,480	32,159	29,334	69,282	348,255	132,017	274,982	406,999	755,254
Travel	101,439	120,921	75,629	116,380	414,369	85,983	204,152	290,135	704,504
Ministry partner support	203,096	215,661	75,643	33,172	527,572	44,516	5,505	50,021	577,593
Donations	96,925	—	40	590	97,555	682	506	1,188	98,743
Depreciation	—	—	—	—	—	41,587	—	41,587	41,587
Miscellaneous	7,495	7,754	2,135	2,383	19,767	54,653	9,188	63,841	83,608
Total expenses	<u>\$ 2,445,734</u>	<u>\$ 1,442,783</u>	<u>\$ 1,610,864</u>	<u>\$ 1,337,501</u>	<u>\$ 6,836,882</u>	<u>\$ 2,136,198</u>	<u>\$ 1,216,809</u>	<u>\$ 3,353,007</u>	<u>\$ 10,189,889</u>

	2018 (As Reclassified)								
	Program Services					Supporting Activities			
	Media	Healthcare	Leadership Development	Missions Awareness	Subtotal	General and Administrative	Fundraising	Subtotal	Total
Expenses:									
Personnel costs	\$ 1,726,933	\$ 988,529	\$ 1,592,321	\$ 1,229,801	\$ 5,537,584	\$ 2,113,643	\$ 539,390	\$ 2,653,033	\$ 8,190,617
Materials and supplies	204,798	23,791	18,083	42,302	288,974	45,414	52,406	97,820	386,794
Postage and shipping	2,146	1,704	5,917	8,752	18,519	5,339	18,241	23,580	42,099
Occupancy costs	75,843	16,006	15,847	10,110	117,806	46,855	78,488	125,343	243,149
Printing and public relations	125,232	61,483	141,421	85,137	413,273	97,794	37,885	135,679	548,952
Professional services	455,501	35,438	92,020	75,543	658,502	171,429	73,011	244,440	902,942
Travel	204,097	178,022	192,237	144,548	718,904	163,216	74,581	237,797	956,701
Ministry partner support	375,839	344,201	38,251	23,241	781,532	82,954	29,553	112,507	894,039
Donations	38,892	35,023	80	1,129	75,124	1,177	20	1,197	76,321
Depreciation	—	—	—	—	—	63,713	—	63,713	63,713
Miscellaneous	14,927	6,390	10,826	2,921	35,064	60,394	7,730	68,124	103,188
Donation to TWRMF	2,927,761	6,148,366	907,411	53,972	10,037,510	—	—	—	10,037,510
Total expenses	<u>\$ 6,151,969</u>	<u>\$ 7,838,953</u>	<u>\$ 3,014,414</u>	<u>\$ 1,677,456</u>	<u>\$ 18,682,792</u>	<u>\$ 2,851,928</u>	<u>\$ 911,305</u>	<u>\$ 3,763,233</u>	<u>\$ 22,446,025</u>

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Received from contributors	\$ 8,659,682	\$ 9,645,963
Received for services	53,212	205,494
Interest and dividends received	194,989	218,682
Miscellaneous receipts	42,866	18,734
Paid to or on behalf of employees and retirees	(6,658,785)	(7,629,442)
Paid to suppliers and service providers	(2,601,982)	(4,306,878)
Donations made and scholarships given	87,564	(3,300,474)
Paid to annuitants	(400,460)	(420,798)
Miscellaneous payments	<u>(109,812)</u>	<u>(308,309)</u>
Net cash used by operating activities	<u>(732,726)</u>	<u>(5,877,028)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	1,289,343	2,613,659
Purchases of investments	(863,136)	(1,084,604)
Transfer from gift annuities to operating cash	<u>630,716</u>	<u>343,306</u>
Net cash provided by investing activities	<u>1,056,923</u>	<u>1,872,361</u>
Change in cash and cash equivalents	324,197	(4,004,667)
Cash and cash equivalents, beginning of year	<u>911,854</u>	<u>4,916,521</u>
Cash and cash equivalents, end of year	<u>\$ 1,236,051</u>	<u>\$ 911,854</u>
Reconciliation of excess (deficit) of public support and revenue over expenses to net cash used by operating activities:		
Excess (deficit) of public support and revenue over expenses	\$ 266,336	\$ (12,762,349)
Adjustments to reconcile excess (deficit) of public support and revenue over expenses to net cash used by operating activities:		
Noncash expenses (revenues):		
Donation of assets and liabilities to TWRMF	-	6,584,228
Depreciation	41,587	63,713
Net realized and unrealized gains on investments	(639,694)	383,606
Receipt of in-kind stock donation	(62,664)	(110,945)
Actuarial gain on annuity and trust obligations	(81,733)	(64,258)
Loss (gain) on assets under gift annuity and trust agreements	(523,181)	281,808
Matured gift annuity and trust agreements	(200,498)	(99,107)
Changes in operating assets and liabilities:		
Accounts receivable	36,217	47,293
Prepayments and other assets	327,352	(259,089)
Due from affiliates	76,770	266,697
Long-term advances	1,800	(84,557)
Accounts payable and accrued expenses	14,120	(43,469)
Due to affiliates	<u>10,862</u>	<u>(80,599)</u>
Net cash used by operating activities	<u>\$ (732,726)</u>	<u>\$ (5,877,028)</u>

1 Nature of organization

World Radio Missionary Fellowship, Inc., a United States nonprofit organization, does business as Reach Beyond. Reach Beyond is an interdenominational, international Christian mission organization whose mission is “Empowering dynamic media and healthcare ministries that declare and demonstrate Jesus Christ.” Reach Beyond is committed to communicating the gospel of Jesus Christ to all nations via AM/FM radio, satellite, Internet, shortwave radio, healthcare, and education.

Reach Beyond operates a ministry service center in Colorado Springs, Colorado and has ministries in Central and South America, Europe/Euro Asia, North Africa and the Middle East, Sub-Saharan Africa, and Asia-Pacific. Reach Beyond is governed by the World Radio Missionary Fellowship, Inc. board of trustees which meets regularly to set policies and direct the work of the mission. Reach Beyond is affiliated with entities in Ecuador, the United Kingdom, Sweden, the Netherlands, Canada, New Zealand, and Australia. The financial position and results of operations of these affiliates are not included in the financial statements as these entities are not controlled by Reach Beyond.

Reach Beyond is a faith mission, depending on God to prompt individuals, local churches, and other organizations to meet financial needs. Reach Beyond maintains a high degree of fiscal integrity and is a charter member of the Evangelical Council for Financial Accountability (ECFA) and *Missio Nexus*.

Since its founding in 1931, Reach Beyond's passion has been to make disciples of Jesus Christ. Through the practical tools of media (Reach Beyond Voice) and healthcare (Reach Beyond Hands), the mission is touching lives and empowering the voice and hands of believers around the world. Local believers are being equipped to change their communities and the world as missionaries, pastors, broadcasters, and healthcare providers. Working together with partners, Reach Beyond has helped establish radio stations in more than 100 countries, broadcasting in more than 100 languages and dialects. Christ-centered healthcare provided by hospitals, clinics, and community development programs is touching thousands of lives.

Reach Beyond exists so that people everywhere may come to Christ, become His disciples, and serve Him as vital parts of the body of Christ. Reach Beyond places priority on multiplying God's resources by creating sustainable and reproducible ministries. Reach Beyond's vision is to see people everywhere transformed in Christ, engaged in the growing Church, and empowered to ignite reproducing ministries that bring His light to their communities.

Ministries are conducted through the following:

Media — Reach Beyond Voice delivers the gospel through the most effective medium for each audience and culture, whether via FM, AM, shortwave, direct-to-home satellite, or the Internet. Reach Beyond missionaries work with local partners to plant radio ministries around the world; Internet chat rooms open doors to people who do not listen to Christian radio, while shortwave and satellite broadcasts reach remote areas or into countries that are closed to missionaries.

Healthcare — Reach Beyond Hands provides health services, focusing on integrated patient care and medical education. Reach Beyond Hands helps rural areas to improve sanitation and obtain clean water, uses mobile medical clinics to provide medical and dental treatment, helps partner organizations start medical ministries, and partners with relief organizations by sending emergency medical response teams to crisis areas.

1 Nature of organization, continued

Missions Awareness — Reach Beyond mobilizes individuals and churches to be involved in worldwide missions through long and short-term missions, welcoming, praying, giving, and going.

Leadership Development — Reach Beyond trains media personnel, healthcare professionals, and national church leaders. Reach Beyond operates training programs throughout the world in radio production, communication theory, journalism, station management, technical maintenance, promotion, and cooperation. The *Apoyo* program trains national pastors and leaders. *Corrientes* is a training program to mobilize and equip Latin American believers to go where God has called them as part of the Great Commission.

Fast-Track (formerly the Community Health Intercultural Learning Initiative) is designed for young men and women willing to make a two-year commitment to help communities in areas of the world that are unreached and resistant to the gospel. The first six months is preparation in four areas:

- Community development — participants are taught practical skills and how to use skills that they already possess to help others and to be a witness to them of Christ's love.
- Spiritual development — participants are encouraged and challenged to improve their spiritual disciplines.
- Personal development — participants learn tools to enhance mental and physical wellbeing and help participants reach their full potential.
- Team development — participants learn to work effectively with others

After training, participants are assigned to teams and are sent to serve in another country. For the next eighteen months teams are prayed for and mentored as they are given progressively more responsibility and freedom to serve.

The goal of the above listed ministries is to fulfill the Great Commission by means of discipleship.

2 Summary of significant accounting policies

2.1 Basis of accounting

Reach Beyond prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

2.2 Financial instruments

Financial instruments are cash, ownership interests in other entities, and contractual rights to receive or deliver cash or another financial instrument. Reach Beyond categorizes its financial instruments as cash and cash equivalents, accounts receivable and accounts payable, investments, assets under gift annuity and trust agreements, and liabilities under gift annuity and trust agreements (see Note 2.8).

Cash and cash equivalents, accounts receivable, and accounts payable are reported at cost, which approximates fair value, and are not subject to fair value disclosures.

2.3 Cash and cash equivalents

Cash and cash equivalents include checking accounts, savings accounts, money market accounts, and certificates of deposit with an original maturity of three months or less. On December 31, 2019 and 2018, Reach Beyond had cash and cash equivalents on deposit with financial institutions that exceeded the limit insured by the U.S. government by approximately \$412,000 and \$285,000, respectively. Reach Beyond has not experienced any losses and believes it is not exposed to any significant credit risk on these deposits.

2 Summary of significant accounting policies, continued

2.4 Accounts Receivable

Reach Beyond grants credit to customers and other entities in the normal course of providing services. Payment is due at the time the product or service is rendered. Receivables are past due when they exceed their contractual due date. Reach Beyond does not accrue interest on past due receivables and accounts are written off after all collection efforts have been exhausted. Management may establish a reserve for uncollectible accounts to absorb possible losses. Reserves, if deemed necessary, are based on an evaluation of receivables that includes, but is not limited to, historical collection experience, general economic conditions, and the financial condition and specific circumstances of individual creditors. Changes in estimates are recorded in the reserve with a corresponding current year charge or credit to expense.

2.5 Investments

Investments include mutual funds, exchange traded funds, index funds, common stocks, corporate bonds, U.S. government securities, real estate investment trusts, and mortgage-backed securities.

Investments are recorded at fair value which entails adjusting the carrying value and recognizing unrealized gains or losses. Donated securities are recorded at fair value when received and are sold as soon as is practical. Realized and unrealized gains and losses are reported in the statement of activities in the year in which they occur. Cash held by a custodian temporarily for investment purposes is included in investments.

Investments may be recorded at fair value on a non-recurring basis. Non-recurring fair value adjustments are a result of a write-down due to a specific event or the difficulty or cost of valuing an investment. All investments were measured on a recurring basis.

2.6 Property and equipment

Expenditures for property and equipment in excess of \$5,000 are capitalized at cost, including costs directly attributable to putting the asset in service. Donated assets are capitalized at their fair value on the date of donation. Buildings, furniture, and equipment are subsequently valued at cost less depreciation and impairment losses, if any. Depreciation is recorded using the straight-line method over the estimated useful lives of assets (16–25 years for buildings, and 5–15 years for furniture and equipment). If the value of an asset is impaired prior to the end of its estimated useful life, its carrying value is reduced with a charge to expense. The last analysis was completed at December 31, 2019, and resulted in no impairment.

Gains or losses from the sale of property and equipment are determined by the difference between the disposal proceeds and the carrying amount of the asset. Gains and losses from the exchange or donation of assets are determined by the difference between the fair value of the assets and their carrying amounts. Net gains or losses are reported in the revenue section of the statement of activities.

2.7 Contributions receivable and payable

When another organization has made an unconditional promise to donate assets to Reach Beyond, revenue is recognized in the year the promise is made and a receivable is recorded in the statement of financial position.

Unconditional promises to donate to other organizations are recognized as an expense in the year the promise is made and as a contribution payable on the statement of financial position.

2 Summary of significant accounting policies, continued

2.8 Liabilities under gift annuity and trust agreements

Reach Beyond has a charitable gift annuity plan that allows donors to contribute assets in exchange for the right to receive a fixed monthly payment during their lifetimes. The annuity liability is valued annually using actuarially computed present values based on the Annuity 2000 gender-based mortality table and a discount rate of 6%. Once received, the assets are unrestricted and the required payments to the donor are general obligations of Reach Beyond.

Some states in which annuities are issued require that Reach Beyond follow investment guidelines and maintain minimum reserves. At December 31, 2019 and 2018, Reach Beyond was in compliance with all state requirements.

Reach Beyond administers irrevocable charitable remainder trusts which provide lifetime distributions to the grantor or other designated beneficiaries. Upon receipt of trust assets, the actuarially determined present value of future payments is recorded as a liability and the remaining portion of trust assets attributable to Reach Beyond's future interest is recorded in the statement of financial position as net assets with donor restrictions.

2.9 Net assets

Net assets with donor restrictions are resources with donor stipulations with respect to purpose or time and include reserves related to charitable remainder trusts, missionary funds, work team funds, and contributions for specific projects.

Net assets without donor restrictions include reserves related to charitable gift annuities, resources designated by the board as reserves for specific purposes, and all resources not otherwise restricted or designated.

2.10 Revenue recognition principles

Recent changes to accounting standards require a single revenue recognition model for recognizing revenue from contracts with customers. The new standards had no effect on the financial statements.

Other recent changes to the not-for-profit accounting standards added clarity related to the determination of contributions, including conditional contributions and exchange transactions. The new standards had no effect on the financial statements.

Contributions are recorded as revenue when received or when unconditionally promised, whichever comes first. Donations are reported with donor restrictions if they are received with stipulations that limit their use. When a donor restriction expires, the net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Contributions are considered to be without donor restrictions unless specifically restricted by the donor.

Donated goods and services are valued at their fair market value at the date of donation, or if more readily determinable, at the cost to acquire comparable assets and services.

Media income consists of production and airing revenues, and is recorded when services have been provided.

Other income is recorded when earned, which is when products or services have been provided.

Revenue is reported at estimated net realizable amounts.

2 Summary of significant accounting policies, continued

2.11 Seconded services

Reach Beyond has secondment agreements with other nonprofit organizations. Seconded individuals are directed and perform services for one organization but their salaries and related benefits are paid by a different organization. Reach Beyond is both the recipient and grantor of seconded services. When Reach Beyond is the recipient, the services are valued using comparable missionary compensation or externally published rates for professional services. Donated services are included in the statements of activities as public support and in the statements of activities and statements of functional expenses as expense.

2.12 Employee benefit plans

Retirement benefits are provided by a defined contribution plan and expenses are recorded in the same period as the corresponding employee compensation.

Medical benefits are provided via third-party insurance companies and premiums are expensed in the same period as the corresponding employee compensation.

2.13 Income taxes

World Radio Missionary Fellowship, Inc. (WRMF) is a nonprofit corporation established in 1931 in Ohio with subsequent incorporation as a Florida charitable organization in 1976. WRMF is recognized as a church by the Internal Revenue Service and is exempt from income taxation under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state laws. WRMF is classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. Contributions to WRMF qualify for the charitable contribution deduction under Code Section 170(b)(1)(A).

2.14 Functional allocation of expenses

The costs of providing programs and supporting activities are presented on a functional basis in the statements of activities; expenses not directly related to a program have been allocated among the program services and supporting activities benefited:

- Personnel costs, ministry partner support, and travel are allocated based upon staff time and effort which was determined through job descriptions and a 2018 survey of how staff time was spent.
- Professional services and other miscellaneous expenses are allocated based on the department that oversees the project or ministry.
- The \$10,037,510 donation to The World Radio Missionary Fellowship, Inc. (TWRMF) in 2018 discussed in Note 3 was allocated to program services in the same ratio as TWRMF's 2017 expenditures by program.

2.15 Management estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities; disclosures of contingent assets and liabilities at the date of the financial statements; and the amount of public support, revenues, and expenses reported. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be materially different.

Significant estimates and assumptions in the financial statements include useful lives for depreciation and amortization and future obligations under annuity and trust agreements.

2.16 Subsequent events

Management has evaluated subsequent events (see Note 18) through the report date, which represents the date the financial statements were available to be issued.

3 Deconsolidation of The World Radio Missionary Fellowship, Inc.

Reach Beyond's 2017 financial statements included the assets, liabilities, and results of operations of The World Radio Missionary Fellowship, Inc. (TWRMF) because Reach Beyond controlled TWRMF through a majority representation on the TWRMF board and Reach Beyond missionaries were a significant part of TWRMF's management. At the end of 2017 Reach Beyond ceased to exercise control over the TWRMF board and over TWRMF operations. Because of these changes, TWRMF was deconsolidated effective January 1, 2018.

The \$10,037,510 difference between consolidated net assets immediately before releasing control of TWRMF and net assets immediately after has been allocated across program services on the statement of activities and the allocation is reported as "Donation to TWRMF" in the 2018 statement of functional expenses.

4 Accounts receivable

	At December 31	
	2019	2018
Media services	\$ 5,065	\$ 3,606
Advances to missionaries	44,742	82,418
Total accounts receivable	\$ 49,807	\$ 86,024

5 Prepayments and other assets

	At December 31	
	2019	2018
Prepaid expenses	\$ 31,550	\$ 47,972
Westfall conference deposit	–	310,930
Total prepayments and other assets	\$ 31,550	\$ 358,902

6 Fair value of investments and assets and liabilities under gift annuity and trust agreements

Reach Beyond values and discloses information related to investments and assets under gift annuity and trust agreements based on a fair value hierarchy. The hierarchy has three levels:

Level 1 assets are valued according to quoted market prices.

Level 2 assets do not have quoted market prices but their fair value can be determined based on other data or market prices of similar assets.

Level 3 assets are valued based on unobservable inputs such as management's estimates or pricing models.

Liabilities under gift annuity and trust agreements are reported at fair value according to actuarial valuations (see Note 2.8).

6 Fair value of investments and assets and liabilities under gift annuity and trust agreements, continued

Investments are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to these risks, it is possible that the value of Reach Beyond's investments could fluctuate materially. Reach Beyond had no investments categorized in level 3. Bond ratings are per Moody's Investors Service unless otherwise noted.

Fair value of investments at December 31, 2019:

	Total	Level 1	Level 2
Mutual funds, index funds, exchange-traded funds, and REITs:			
Commodities	\$ 54,150	\$ 54,150	\$ —
Common stocks – blended	538,966	538,966	—
Common stocks – foreign	429,460	429,460	—
Common stocks – growth	217,789	217,789	—
Common stocks – value	193,604	193,604	—
Fixed income	913,771	913,771	—
Real estate	172,311	172,311	—
	<u>2,520,051</u>	<u>2,520,051</u>	<u>—</u>
Common stocks:			
Consumer discretionary	125,430	125,430	—
Defense	3,296	3,296	—
Energy	47,244	47,244	—
Financial	149,535	149,535	—
Healthcare	143,323	143,323	—
Industrials	81,707	81,707	—
International	118,008	118,008	—
Technology	239,678	239,678	—
Telecommunications	51,545	51,545	—
Utilities	36,863	36,863	—
	<u>996,629</u>	<u>996,629</u>	<u>—</u>
Corporate bonds:			
A1 credit rating	74,822	—	74,822
A2 credit rating	58,373	—	58,373
A3 credit rating	74,464	—	74,464
Aa1 credit rating	26,833	—	26,833
Aa2 credit rating	49,327	—	49,327
Aaa credit rating	95,639	—	95,639
Baa1 credit rating	78,778	—	78,778
Baa2 credit rating	40,868	—	40,868
Baa3 credit rating	9,307	—	9,307
BBB (Standard and Poor's rating)	21,207	—	21,207
Not rated	25,316	—	25,316
	<u>554,934</u>	<u>—</u>	<u>554,934</u>
U.S. treasuries and agencies:			
Aaa credit rating	516,322	516,322	—
	<u>516,322</u>	<u>516,322</u>	<u>—</u>
Total investments at fair value	<u>\$ 4,587,936</u>	<u>\$ 4,033,002</u>	<u>\$ 554,934</u>

6 Fair value of investments and assets and liabilities under gift annuity and trust agreements, continued

Fair value of investments at December 31, 2018:

	Total	Level 1	Level 2
Mutual funds, index funds, exchange-traded funds, and REITs:			
Commodities	\$ 49,194	\$ 49,194	\$ –
Common stocks – blended	464,129	464,129	–
Common stocks – foreign	465,226	465,226	–
Common stocks – growth	192,830	192,830	–
Common stocks – value	187,484	187,484	–
Fixed income	1,008,457	1,008,457	–
Real estate	155,707	155,707	–
	<u>2,523,027</u>	<u>2,523,027</u>	<u>–</u>
Common stocks:			
Consumer discretionary	112,776	112,776	–
Energy	32,555	32,555	–
Financial	108,219	108,219	–
Healthcare	92,822	92,822	–
Industrials	66,902	66,902	–
International	125,372	125,372	–
Technology	161,464	161,464	–
Telecommunications	44,879	44,879	–
Utilities	33,028	33,028	–
	<u>778,017</u>	<u>778,017</u>	<u>–</u>
Corporate bonds:			
A1 credit rating	92,416	–	92,416
A2 credit rating	158,082	–	158,082
A3 credit rating	138,999	–	138,999
Baa1 credit rating	60,582	–	60,582
Not rated	39,077	–	39,077
	<u>489,156</u>	<u>–</u>	<u>489,156</u>
U.S. treasuries and agencies:			
Aaa credit rating	521,585	521,585	–
	<u>521,585</u>	<u>521,585</u>	<u>–</u>
Total investments at fair value	<u>\$ 4,311,785</u>	<u>\$ 3,822,629</u>	<u>\$ 489,156</u>

6 Fair value of investments and assets and liabilities under gift annuity and trust agreements, continued

Fair value of assets under gift annuity and trust agreements at December 31, 2019:

	Total	Level 1	Level 2
Mutual funds, index funds, exchange-traded funds, and REITs:			
Common stocks – blended	\$ 79,834	\$ 79,834	\$ –
Common stocks – growth	468,223	468,223	–
Common stocks – international	593,860	593,860	–
Common stocks – value	539,956	539,956	–
Corporate bonds	996,840	996,840	–
Fixed income	235,214	235,214	–
Real estate	208,692	208,692	–
U.S. treasuries	218,405	218,405	–
	<u>3,341,024</u>	<u>3,341,024</u>	<u>–</u>
Common stocks:			
Energy	17,402	17,402	–
Industrials	11,972	11,972	–
Real estate	4,485	4,485	–
Technology	12,945	12,945	–
Telecommunications	32,308	32,308	–
Utilities	47,477	47,477	–
	<u>126,589</u>	<u>126,589</u>	<u>–</u>
U.S. treasury notes:			
Aaa credit rating	132,025	132,025	–
	<u>132,025</u>	<u>132,025</u>	<u>–</u>
Total assets at fair value	3,599,638	<u>\$ 3,599,638</u>	<u>\$ –</u>
Assets at cost:			
Certificates of deposit	60,292		
Cash and cash equivalents	223,506		
	<u>283,798</u>		
Total assets under gift annuity and trust agreements	<u>\$ 3,883,436</u>		

6 Fair value of investments and assets and liabilities under gift annuity and trust agreements, continued

Fair value of assets under gift annuity and trust agreements at December 31, 2018:

	Total	Level 1	Level 2
Mutual funds, index funds, exchange-traded funds, and REITs:			
Common stocks – blended	\$ 530,655	\$ 530,655	\$ –
Common stocks – growth	511,357	511,357	–
Common stocks – international	659,744	659,744	–
Common stocks – value	435,491	435,491	–
Fixed income	549,938	549,938	–
Real estate	271,261	271,261	–
	<u>2,958,446</u>	<u>2,958,446</u>	<u>–</u>
Common stocks:			
Healthcare	831	831	–
Energy	43,400	43,400	–
Natural resources	2,630	2,630	–
Technology	583	583	–
Telecommunications	26,092	26,092	–
Transportation	2,745	2,745	–
Utilities	15,592	15,592	–
	<u>91,873</u>	<u>91,873</u>	<u>–</u>
Corporate bonds:			
Aaa credit rating	135,150	–	135,150
Aa2 credit rating	8,168	–	8,168
A2 credit rating	21,241	–	21,241
A3 credit rating	52,176	–	52,176
Ba1 credit rating	1,900	–	1,900
Baa1 credit rating	59,724	–	59,724
Baa2 credit rating	46,829	–	46,829
Baa3 credit rating	26,990	–	26,990
	<u>352,178</u>	<u>–</u>	<u>352,178</u>
U.S. treasuries and agencies:			
Aaa credit rating	165,688	165,688	–
	<u>165,688</u>	<u>165,688</u>	<u>–</u>
Total assets at fair value	3,568,185	<u>\$ 3,216,007</u>	<u>\$ 352,178</u>
Assets at cost:			
Certificates of deposit	138,600		
Cash and cash equivalents	278,174		
	<u>416,774</u>		
Total assets under gift annuity and trust agreements	<u>\$ 3,984,959</u>		

7 Property and equipment

	At December 31	
	2019	2018
Land	\$ 100,000	\$ 100,000
Buildings and improvements	1,268,996	1,268,996
Equipment, vehicles, and furniture	351,250	351,250
Accumulated depreciation	(1,348,702)	(1,307,115)
Total property and equipment	\$ 371,544	\$ 413,131

Depreciation expense was \$41,587 and \$63,713 for 2019 and 2018, respectively.

8 Charitable gift annuities and charitable remainder trusts

	At December 31	
	2019	2018
Assets:		
Cash and cash equivalents	\$ 223,506	\$ 278,174
Certificates of deposit	60,292	138,600
Mutual funds, index funds, exchange-traded funds, and REITS	3,341,024	2,958,446
Common stocks	126,589	91,873
Corporate bonds	–	352,178
U.S. treasuries and agencies	132,025	165,688
Total assets under gift annuity and charitable remainder trust agreements	3,883,436	3,984,959
Liabilities:		
Payable under charitable gift annuities	2,390,733	2,667,568
Payable under charitable remainder trusts	10,513	9,897
Total liabilities under gift annuity and trust agreements	2,401,246	2,677,465
Net assets under gift annuity and charitable remainder trust agreements	\$ 1,482,190	\$ 1,307,494

Net assets under gift annuity and charitable remainder trust agreements exceeded the legally-required reserves of state jurisdictions by \$902,661 and \$753,540 for 2019 and 2018, respectively.

	2019	2018
Change in value during the year:		
Interest and dividends received	\$ 93,037	\$ 103,095
Other income	1,396	–
Net realized and unrealized gains (losses)	523,181	(281,808)
Custodial and management fees	(30,818)	(38,536)
Actuarial change in projected amounts payable	81,733	64,258
Matured agreements	200,498	99,107
Payments to annuitants	(400,460)	(420,798)
Change in value of annuities and trusts	\$ 468,567	\$ (474,682)

9 Investment income

	2019	2018
Interest and dividends	\$ 150,650	\$ 171,766
Advisory fees paid	(48,698)	(56,179)
Net realized and unrealized gains (losses)	639,694	(383,606)
Net investment income (loss)	<u>\$ 741,646</u>	<u>\$ (268,019)</u>

10 Donated goods and services received

Reach Beyond received services provided by missionaries seconded from other organizations. The fair value of the services are reported as public support in the statements of activities. The programs or activities that received these services report a corresponding expense in the statements of activities and the statements of functional expenses:

	2019	2018
Program services:		
Media	\$ 147,759	\$ 176,647
Healthcare	241,453	223,279
Leadership development	44,764	107,856
Supporting activities:		
General and administrative	31,224	43,841
Total donated services	<u>\$ 465,200</u>	<u>\$ 551,623</u>

Reach Beyond did not receive a significant amount of donated goods in either year.

11 Other income

	2019	2018
Services performed for affiliates	\$ 5,402	\$ 15,288
Internships	17,500	-
Spotlight productions	7,554	2,096
Refunds	5,185	-
Honorariums	2,900	-
Miscellaneous	2,929	1,350
Total other income	<u>\$ 41,470</u>	<u>\$ 18,734</u>

12 Foreign operations

	At December 31	
	2019	2018
Cash at financial institutions	\$ 41,758	\$ 62,387
Buildings and improvements	401,370	401,370
Equipment and furniture	16,014	16,014
Vehicles	104,879	104,879
Accumulated depreciation	(358,345)	(336,441)
Total assets	<u>\$ 205,676</u>	<u>\$ 248,209</u>

Reach Beyond did not have a significant amount of support or revenue from foreign sources. The political situation in foreign countries can be unstable. Although management believes that the value of these assets is not currently impaired, changes in circumstances could affect their value.

13 Administrative assessments and joint costs

13.1 Administrative assessments

Reach Beyond's Ministry Service Center (MSC) in Colorado charges assessments on donor contributions and non-donor income to cover the costs of its Support Ministry Fund (SMF) and Regional Ministry Fund (RMF). The assessments are 2.5%, 10%, 12%, or 24%, depending on the type of income. The funds provided by the assessments are budgeted and administered carefully to ensure good stewardship.

	2019	2018
Administrative assessments:		
On project donations	\$ 253,591	\$ 296,223
On missionary donations	505,052	524,054
Total administrative assessments	758,643	820,277
Assessments on projects without donor restrictions	(947)	(1,538)
Assessments on projects with donor restrictions	<u>\$ 757,696</u>	<u>\$ 818,739</u>

13.2 Joint costs

Reach Beyond incurs costs that are not readily identifiable with a particular activity. Joint costs, which primarily relate to missionaries on home ministry assignment, have been allocated in the statement of activities:

	2019	2018
Program services	\$ 79,388	\$ 110,495
General and administrative	39,694	55,248
Fundraising	79,388	110,495
Total joint costs	<u>\$ 198,470</u>	<u>\$ 276,238</u>

14 Leases and other commitments

14.1 Leases

Reach Beyond has non-cancelable operating leases for office space and office equipment with future minimum payments:

Year Ending	Total
2020	\$ 22,253
2021	2,568
2022	2,568
2023	1,926
	<u>\$ 29,315</u>

In 2019, lease expense was \$41,679 for office space and office equipment. In 2018, lease expense was \$45,592 for office space and office equipment and \$20,439 for satellite licenses.

14.2 Other commitments

On December 3, 2019, the Finance and Audit Committee approved a four year contract totaling \$84,150 for donor software and related services.

15 Employee benefit plans

15.1 Defined contribution pension plan

All missionaries and full-time U.S. employees are eligible for the HCJB Global 401(K) Plan. Reach Beyond makes a monthly contribution of \$120 for each missionary and all full-time U.S. employees. Employer contributions were \$161,400 and \$182,400, for 2019 and 2018, respectively.

15.2 Medical benefits

Medical benefits for missionaries and all U.S. employees are provided under a fully insured plan. A fully insured plan transfers all of the risk onto the carrier in exchange for a flat monthly premium.

15.3 Other retirement payments

Reach Beyond makes payments to missionaries who leave service and have reached the retirement age and years of service designated in the *Missionary Manual*. Payments are based on a percentage of the support schedule for a Colorado Springs missionary and are limited to the funds available in the ministry fund designated for the missionary's support. All payments are at the discretion of Reach Beyond management and payments may be discontinued at any time. In accordance with the tax status of the retired missionary and related Internal Revenue Service regulations, the payments are reported as either nontaxable housing allowances or taxable compensation. Payments totaling \$1,148,462 were made to 72 retired missionaries in 2019. In 2018, 68 retired missionaries received a total of \$991,479.

16 Liquidity and availability of financial assets

The following financial assets were available to meet cash needs for general expenditures:

	At December 31	
	2019	2018
Cash and cash equivalents	\$ 1,236,051	\$ 911,854
Accounts receivable	49,807	86,024
Due from affiliates	6,726	83,496
Investments	4,587,936	4,311,785
Assets under gift annuity and trust agreements	3,883,436	3,984,959
Total financial assets	9,763,956	9,378,118
Amounts unavailable for general expenditures within one year:		
Net assets restricted by donors with purpose restrictions	(3,874,046)	(4,419,060)
Assets restricted by donors in irrevocable charitable remainder trusts	(14,087)	(13,486)
Financial assets available to meet cash needs for general expenditures within one year	5,875,823	4,945,572
Financial assets only available with board approval:		
Assets under gift annuity and trust agreements	(3,869,349)	(3,971,473)
Assets reserved for software purchases	(84,151)	-
Financial assets available to meet cash needs for general expenditures within one year without board approval	\$ 1,922,323	\$ 974,099

16 Liquidity and availability of financial assets, continued

Reach Beyond has an investment committee which monitors cash balances and its investment guidelines provide for maintaining 90 days of cash and short-term investments to meet normal operating expenses which average approximately \$900,000 per quarter for general expenditures and \$1,800,000 per quarter for expenditures paid from restricted funds.

Reach Beyond receives contributions designated to support individual missionaries or to fund specific projects. Reach Beyond internally tracks these donations and how the funds are used to ensure that it complies with donor intent. Unexpended funds are considered to be restricted and not available to meet general expenditures.

As disclosed in Note 6, investments are publicly traded and are readily convertible to cash, therefore management believes that adequate resources are available to meet cash needs for general expenditures and to satisfy obligations as they become due.

As discussed in Note 8, Reach Beyond had net assets related to gift annuities and irrevocable charitable remainder trusts of \$1,482,190 and \$1,307,494 at December 31, 2019 and 2018, respectively. This exceeded legal reserve requirements by \$902,661 and \$753,540 for 2019 and 2018, respectively. Although this excess is not legally restricted, it is Reach Beyond's policy to not use these resources for general expenditures and they are excluded from the available financial assets listed above. These excess funds could be used for general expenditures if the board of trustees granted approval.

17 Subsequent events

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak"). Based on the rapid spread of the virus, the WHO classified the COVID-19 outbreak as a pandemic on March 11, 2020. The outbreak is having a material adverse impact and may trigger an extended period of national and global economic slowdown.

In response to the economic crisis caused by the virus, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed by the president on March 27, 2020.

Reach Beyond's operations are dependent on donations from individuals, churches, and foundations and the financial effect of the outbreak may reduce future donations. As of the date of this report, the value of Reach Beyond investments have declined approximately 14%. Reach Beyond management is monitoring the national and global financial situation and is communicating to donors about the assistance that is available from the CARES Act, however, conditions are changing rapidly and management is uncertain to what extent the pandemic will effect Reach Beyond's financial condition, liquidity, and future results of operations.

18 Changes to comparative information

Minor changes have been made to the prior year comparative information to conform to the current year presentation:

- Reclassifications have been made on the 2018 statement of financial position between accounts receivable and due from affiliates.
- Reclassifications have been made on the 2018 statement of functional expenses which are reflected in the 2018 column of the statements of activities.
- The classification of certain items on the 2018 statement of cash flows changed due to the change in classifications on the statement of financial position.
- In Note 9, \$84 was reclassified from net realized and unrealized losses to interest and dividends.
- The 2018 amount for “Common stocks – value” on page 14 has been corrected from \$187,494 to \$187,485 (the subtotal did not change).
- More detail has been added to Note 11.
- Note 12 includes a reclassification of \$8,398 from equipment to vehicles.
- Note 16 includes more detail.