

**REASONS TO BELIEVE**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED  
JUNE 30, 2024 AND 2023

**REASONS TO BELIEVE**  
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**JUNE 30, 2024 AND 2023**

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December 5, 2024

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Reasons to Believe  
Covina, California

**Opinion**

We have audited the accompanying consolidated financial statements of Reasons to Believe which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Reasons to Believe as of June 30, 2024 and 2023, and the changes in their net assets and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards will always detect a material misstatement when it exists.

Board of Directors  
Reasons to Believe  
Covina, California  
December 5, 2024

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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 Organization'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 Organization'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.

*Beeson, Hoffman & Siddall*

**REASONS TO BELIEVE**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 163,533	\$ 111,394
Investments	3,263,646	3,994,194
Accounts receivable	33,356	24,741
Inventory, net	281,635	310,237
Prepaid expenses and other assets	40,044	26,762
Total Current Assets	<u>3,782,214</u>	<u>4,467,328</u>
Investments - endowment	317,640	267,418
Property and equipment, net	<u>4,427,788</u>	<u>4,682,222</u>
Total Assets	<u>\$ 8,527,642</u>	<u>\$ 9,416,968</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 364,740	\$ 377,583
Deferred revenue	4,250	4,250
Total Current Liabilities	<u>368,990</u>	<u>381,833</u>
Net Assets		
Net assets without donor restrictions	7,481,099	8,475,024
Net assets with donor restrictions	677,553	560,111
Total Net Assets	<u>8,158,652</u>	<u>9,035,135</u>
Total Liabilities and Net Assets	<u>\$ 8,527,642</u>	<u>\$ 9,416,968</u>

-See accompanying notes-

**REASONS TO BELIEVE**  
CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support						
Contributions	\$ 4,495,641	\$ 532,037	\$ 5,027,678	\$ 4,189,058	\$ 405,530	\$ 4,594,588
Contributed nonfinancial services	59,989	-	59,989	66,584	-	66,584
Sales, net of cost of goods sold of \$15,459 and \$30,993, respectively	145,701	-	145,701	106,365	-	106,365
Honoraria, seminars and conferences	275,127	-	275,127	163,209	-	163,209
Realized and unrealized gains, net	309,312	44,665	353,977	488,476	34,969	523,445
Interest and dividends	114,479	5,557	120,036	120,471	5,094	125,565
Royalty income	34,442	-	34,442	22,148	-	22,148
Gain on sale of assets	13,146	-	13,146	-	-	-
Net assets released from restriction:						
Satisfaction of time and purpose	464,817	(464,817)	-	365,775	(365,775)	-
Total Revenue and Other Support	<u>5,912,654</u>	<u>117,442</u>	<u>6,030,096</u>	<u>5,522,086</u>	<u>79,818</u>	<u>5,601,904</u>
Expenses						
Progam: ministry	5,162,247	-	5,162,247	5,215,659	-	5,215,659
Support:						
General and administrative	755,259	-	755,259	931,579	-	931,579
Fundraising	989,073	-	989,073	1,256,307	-	1,256,307
Total Expenses	<u>6,906,579</u>	<u>-</u>	<u>6,906,579</u>	<u>7,403,545</u>	<u>-</u>	<u>7,403,545</u>
Change in Net Assets	(993,925)	117,442	(876,483)	(1,881,459)	79,818	(1,801,641)
Net Assets, Beginning of the Year	<u>8,475,024</u>	<u>560,111</u>	<u>9,035,135</u>	<u>10,356,483</u>	<u>480,293</u>	<u>10,836,776</u>
Net Assets, End of the Year	<u>\$ 7,481,099</u>	<u>\$ 677,553</u>	<u>\$ 8,158,652</u>	<u>\$ 8,475,024</u>	<u>\$ 560,111</u>	<u>\$ 9,035,135</u>

-See accompanying notes-

**REASONS TO BELIEVE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

	Year Ended June 30, 2024			
	Program: Ministry	General & Administrative	Fundraising	Total
Salaries and wages	\$ 3,364,007	\$ 431,258	\$ 517,539	\$ 4,312,804
Payroll taxes	234,307	30,039	36,047	300,393
Retirement plan	66,181	8,485	10,182	84,848
Other employee benefits	21,724	2,928	3,342	27,994
Education and training	1,758	403	-	2,161
Materials distributed	10,170	-	-	10,170
Supplies	38,686	6,627	6,767	52,080
Postage and mailing	64,752	7,391	50,861	123,004
Printing and graphics	40,240	-	10,431	50,671
Utilities	50,692	8,182	8,855	67,729
Rent	36,000	-	-	36,000
Telephone	22,070	1,840	1,991	25,901
Dues and publications	33,326	8,366	-	41,692
Equipment lease and maintenance	47,403	7,710	8,345	63,458
Building repairs and maintenance	35,273	5,582	6,040	46,895
Travel	78,131	104	36,860	115,095
Professional fees	14,059	83,110	-	97,169
Transaction fees	67,899	8,705	10,446	87,050
Computer consulting	219,979	89,714	202,190	511,883
Insurance	32,183	12,769	5,625	50,577
Depreciation and amortization	198,994	32,366	35,030	266,390
Taxes and licenses	18,736	2,105	7,833	28,674
Conferences	102,742	599	-	103,341
Advertising	110,184	-	12,392	122,576
Speaking, writing and production fees	96,108	1,714	10,201	108,023
Internet and consulting	142,844	1,530	1,530	145,904
Meetings and events	13,799	3,732	6,566	24,097
	<u>\$ 5,162,247</u>	<u>\$ 755,259</u>	<u>\$ 989,073</u>	<u>\$ 6,906,579</u>

-See accompanying notes-

**REASONS TO BELIEVE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

	Year Ended June 30, 2023			
	Program: Ministry	General & Administrative	Fundraising	Total
Salaries and wages	\$ 3,450,946	\$ 499,479	\$ 590,293	\$ 4,540,718
Payroll taxes	245,823	35,580	42,049	323,452
Retirement plan	114,087	16,513	19,515	150,115
Other employee benefits	12,576	3,059	2,151	17,786
Education and training	12,895	2,445	145	15,485
Materials distributed	10,307	-	-	10,307
Supplies	67,807	9,006	12,310	89,123
Postage and mailing	89,984	11,183	65,778	166,945
Printing and graphics	65,882	-	56,273	122,155
Utilities	50,334	9,108	9,684	69,126
Rent	33,000	-	-	33,000
Telephone	32,702	4,314	4,861	41,877
Dues and publications	28,740	12,301	-	41,041
Equipment lease and maintenance	46,182	8,448	8,982	63,612
Building repairs and maintenance	47,279	8,429	8,962	64,670
Travel	89,859	2,125	55,243	147,227
Professional fees	8,815	78,003	-	86,818
Transaction fees	70,518	10,207	12,062	92,787
Computer consulting	193,164	157,304	231,713	582,181
Insurance	26,652	18,745	5,149	50,546
Depreciation and amortization	141,363	25,858	27,494	194,715
Taxes and licenses	17,292	1,600	8,144	27,036
Conferences	24,047	2,250	33,566	59,863
Advertising	141,240	-	17,000	158,240
Speaking, writing and production fees	125,522	-	30,440	155,962
Internet and consulting	41,943	1,446	1,446	44,835
Meetings and events	26,700	14,176	13,047	53,923
	<u>\$ 5,215,659</u>	<u>\$ 931,579</u>	<u>\$ 1,256,307</u>	<u>\$ 7,403,545</u>

-See accompanying notes-



**REASONS TO BELIEVE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (876,483)	\$ (1,801,641)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	266,390	194,715
Donations of securities	(182,782)	(170,013)
Gain on sale of assets	(13,146)	-
Unrealized and realized gains	(377,966)	(557,029)
Net change in:		
Accounts receivable	(8,615)	(3,060)
Inventory	28,602	(6,441)
Prepaid expenses and other assets	(13,081)	25,324
Accounts payable and accrued expenses	(12,843)	(89,273)
Net cash from operating activities	<u>(1,189,924)</u>	<u>(2,407,418)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	2,741,834	8,431,763
Purchase of investments	(1,500,760)	(5,965,957)
Proceeds from sale of assets	13,146	-
Purchases of property and equipment	<u>(12,157)</u>	<u>(306,383)</u>
Net cash from investing activities	<u>1,242,063</u>	<u>2,159,423</u>
<b>NET CHANGE IN CASH</b>	52,139	(247,995)
<b>CASH AT BEGINNING OF THE YEAR</b>	<u>111,394</u>	<u>359,389</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 163,533</u>	<u>\$ 111,394</u>

-See accompanying notes-

**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 – NATURE OF ORGANIZATION**

Reasons to Believe is a California non-profit corporation formed in 1986. Reasons to Believe is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state law(s). However, the organization is subject to federal income tax on any unrelated business taxable income. In addition, the organization is not classified as a private foundation within the meaning of Section 509(c) of the IRC.

Reasons to Believe's purpose is to provide credible answers to questions about God and the Bible through research, development of resource materials, and teaching about the consistency of the words of the Bible with scientific data about the universe. Reasons to Believe's donors and customers are located throughout the world, primarily in the United States.

Reasons to Believe Foundation, Inc. is a non-profit corporation formed under the laws of California for the purpose of holding certain investments and soliciting contributions on behalf of Reasons to Believe. Reasons to Believe Foundation, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue code (IRC) and comparable state law(s). However, it is subject to federal income tax on any unrelated business taxable income. In addition, the organization is not classified as a private foundation within the meaning of Section 509(c) of the IRC. It is under the control of the governing board of Reasons to Believe and its bylaws require that all contributions and earnings of invested assets inure to the benefit of Reasons to Believe.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Principles of Consolidation***

The consolidated financial statements include the accounts of Reasons to Believe and Reasons to Believe Foundation, Inc. (collectively, the Organization). All significant transactions between the two entities are eliminated in the consolidated financial statements. For the years ended June 30, 2024 and 2023, Reasons to Believe Foundation, Inc. held no assets, received no contributions, nor were there transactions between the two entities.

Reasons to Believe has helped form many affiliated chapters throughout the world. These chapters are not under the control of Reasons to Believe; therefore, they are not included in these consolidated financial statements.

***Basis of Accounting***

The Organization's consolidated financial statements are prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). A summary of significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, checking, and other depository accounts with maturities of less than ninety days. The Organization maintains its cash in bank accounts that, at times, may exceed federally insured limits. The Organization has not experienced losses in such accounts and believes it is not exposed to any significant risk on its cash balances.

***Investments and Endowment Investments***

Investments and endowment investments consist of exchange traded funds, fixed income securities, equity securities, bond funds, and cash held for long-term purposes. Investments are stated at fair value based on readily available market values, which is Level 1 of Financial Accounting Standards Board's Fair Value Hierarchy. Donated securities are recorded at their fair value on the date of donation, and at management's discretion are held or converted to cash. Realized and unrealized gains and losses are included as net assets without donor restrictions in the consolidated statements of activities, except for those realized and unrealized gains and losses from the endowment investments, which are included in net assets with donor restrictions until appropriated for expenditure by the board of directors.

***Accounts Receivable***

Accounts receivable are primarily from sales of the Organization's books and recorded media, and honoraria. These amounts are due when sales are invoiced or prior to the speaker's engagement. Management believes the amounts are fully collectible; therefore, no allowance for uncollectible amounts was considered necessary at June 30, 2024 and 2023.

***Inventory***

Inventory consists of books and media held for sale or as quid pro quo gifts to donors and attendees at conferences. The inventory is carried at the lower of cost or fair value using the first-in, first-out basis of accounting, in accordance with GAAP. As of June 30, 2024 and 2023, management had estimated an allowance for obsolescence of approximately \$12,000.

***Property and Equipment***

Acquisitions or donations of long-lived assets in the amount of \$1,000 or more are capitalized at cost on the date of purchase or fair value on the date of the gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Assets donated with explicit restrictions regarding their use and cash contributions that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation is charged to unrestricted net assets using the straight-line method over the useful lives of the assets. The range of estimated useful lives is five to thirty years.

**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Deferred Income***

Deferred income is primarily unearned royalties under publisher royalty agreements.

***Net Assets***

Net assets are reported as follows:

*Net assets without donor restrictions* are those currently available at the discretion of the board of directors (the board) for use in the operations of the Organization, those resources invested in property and equipment, and those designated by the board for particular purposes.

*Net assets with donor restrictions* are those that are stipulated by donor for specific purposes and programs or with time restrictions. These include both contributions that have already been received, those pledged to the Organization to be received in future years, as well as investments held in perpetuity for the research and outreach endowment fund.

***Support, Revenue, and Expenses***

Contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets is transferred, or donated services are provided to the Organization. The Organization records contributions as donor restricted if they are received with donor stipulations that limit their use, either through purpose or time restrictions, or both. When donor restrictions expire, that is, when the purpose restriction is fulfilled, or when the time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Donated services are recorded if those donated services create or enhance nonfinancial assets or require specialized skills, are provided by those with those specialized skills, or would be purchased if they had not been donated.

Sales and program revenue are recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

***Functional Allocation of Expenses***

The costs of providing the various program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program and supporting activities. All costs that contain any fundraising appeal are required to be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content. There are no joint costs that have been allocated among the program, general and administrative, and fundraising functions.

**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Evaluation of Subsequent Events***

For purposes of measurement and disclosure in these financial statements, management has considered subsequent events through December 5, 2024, the date the financial statements were available to be issued.

***Recently Issued Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, Leases (Topic 842). Lessees are required to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than 12 months. The standard is effective for fiscal years beginning after December 15, 2021. The Organization has evaluated the effect of this accounting pronouncement and deemed it to be immaterial.

***Reclassification***

Certain accounts relating to the prior year have been reclassified to conform to the current year presentation with no effect on the previously reported change in net assets.

**NOTE 3 – INVESTMENTS**

***Fair Value Measurements***

The following table presents the Organization's financial assets measured at fair value on a recurring basis using quoted prices in active markets for identical assets (Level 1), significant observable inputs (Level 2) and significant unobservable inputs (Level 3):

	<b>June 30, 2024</b>	<b>Fair Value Measurements:</b>	
		<b>Level 1</b>	<b>Level 2 / 3</b>
Exchange traded funds	\$ 2,924,952	\$ 2,924,952	\$ -
Equity securities	503,414	503,414	-
Mutual funds	<u>67,208</u>	<u>67,208</u>	<u>-</u>
Measured at fair value	3,495,574	<u>\$ 3,495,574</u>	<u>\$ -</u>
Cash and cash equivalents	<u>85,712</u>		
	<u>\$ 3,581,286</u>		
Investments	3,263,646		
Investments - endowment	<u>317,640</u>		
	<u>\$ 3,581,286</u>		

**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 3 – INVESTMENTS (continued)**

	<b>June 30, 2023</b>	<b>Fair Value Measurements:</b>	
		<b>Level 1</b>	<b>Level 2 / 3</b>
Exchange traded funds	\$ 2,545,040	\$ 2,545,040	\$ -
Equity securities	411,274	411,274	-
Mutual funds	<u>61,419</u>	<u>61,419</u>	<u>-</u>
Measured at fair value	3,017,733	<u>\$ 3,017,733</u>	<u>\$ -</u>
Cash and cash equivalents	<u>1,243,879</u>		
	<u>\$ 4,261,612</u>		
Investments	3,994,194		
Investments - endowment	<u>267,418</u>		
	<u>\$ 4,261,612</u>		

**NOTE 4 – PROPERTY AND EQUIPMENT**

The following is a summary of the major classes of property and equipment:

	<b>June 30,</b>	
	<b>2024</b>	<b>2023</b>
Land and building	\$ 3,250,000	\$ 3,250,000
Buildings and improvements	2,366,838	2,240,459
Computer equipment and software	1,176,356	1,292,084
Furniture and equipment	655,054	655,054
Outreach equipment	<u>10,081</u>	<u>10,081</u>
	7,458,329	7,447,678
Less accumulated depreciation	<u>(3,030,541)</u>	<u>(2,765,456)</u>
Property and equipment, net	<u>\$ 4,427,788</u>	<u>\$ 4,682,222</u>

**NOTE 5 – NET ASSETS**

Net assets with donor restricted activity for the years ended June 30, 2024 and 2023 are reported in the supplemental information on the consolidated schedules of net assets with donor restrictions.

**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 6 – CONTRIBUTED NONFINANCIAL SERVICES**

The Organization recognized the following donated services:

	June 30,	
	2024	2023
Rent	\$ 36,000	\$ 33,000
Investment advisory services	23,989	33,584
	\$ 59,989	\$ 66,584

Donated rent and the related expense are recorded at the estimated fair market value received for the use of a condominium provided by a donor. The Organization was provided investment advisory services at no cost, and recognized a donation and related expense based on current market rates for investment advisory services.

**NOTE 7 – ENDOWMENT**

Endowment net assets are available for the purpose of advancing research and outreach through persons, programs, or resources that directly support the evangelical intent of the Organization or the dissemination of the Organization's message.

***Interpretation of Relevant Law***

The board of directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of the 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. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: The endowment guidelines mandate 45% of the net income and appreciation be reinvested into the corpus of the fund, 45% shall be expended for the specifically stated purpose, and the remaining 10% may be expended by the Organization for any of its purposes. Under the current investment policy, endowment assets are to be invested in a broad array of asset allocations consistent with an overall balanced objective of liquidity, safety of the corpus and capital appreciation with a long-term investment horizon. The goal of the fund is to achieve a rate of return greater than the rate of inflation by 4%.

***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 SPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2024 and 2023.

**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 7 – ENDOWMENT (continued)**

The activity of the endowment net assets for the years ended June 30, 2024 and 2023 was as follows:

	Without Restrictions	With Donor Restrictions	Total
At June 30, 2022	\$ -	\$ 227,355	\$ 227,355
Investment Return:			
Interest and dividends	-	5,094	5,094
Net realized/unrealized gain	-	34,969	34,969
At June 30, 2023	-	267,418	267,418
Investment Return:			
Interest and dividends	-	5,557	5,557
Net realized/unrealized loss	-	44,665	44,665
At June 30, 2024	\$ -	\$ 317,640	\$ 317,640

**NOTE 8 – EMPLOYEE BENEFIT PLANS**

The Organization has a 401(k) retirement plan (the Plan) for full and part-time employees, who become eligible to participate after three months of service. The Organization matches voluntary employee contributions up to 3% of their salary. Employee contributions are immediately vested and employer contributions vest over a six-year period on a graded scale. Employer contributions to the Plan for the years ended June 30, 2024 and 2023 were \$84,848 and \$150,115, respectively.



**REASONS TO BELIEVE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 9 – LIQUIDITY**

The following reflects the consolidated financial assets of Reasons to Believe as of June 30, 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or restricted by donors either for long-term purposes or for use in a certain time period. Reasons to Believe has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial Assets:

Cash and cash equivalents	\$ 163,533
Investments	3,263,646
Accounts receivable	33,356
Investments - endowment	<u>317,640</u>
	<u>3,778,175</u>

Less unavailable for general expenditure within one year:

Investments - endowment	(317,640)
Restricted by donor for purpose	<u>(677,553)</u>
	<u>(995,193)</u>

Financial assets available to meet cash needs

for general expenditures within one year	\$ <u>2,782,982</u>
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## **SUPPLEMENTAL INFORMATION**

**BEESON, HOFFMAN & SIDDALL, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

Harry C. Beeson, CPA  
Gordon P. Hoffman, CPA  
Mark S. Siddall, CPA  
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December 5, 2024

**INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTAL INFORMATION**

Board of Directors  
Reasons to Believe  
Covina, California

We have audited the accompanying consolidated financial statements of Reasons to Believe for the year ended June 30, 2024, and our report thereon dated December 5, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidated schedules of changes in net assets with donor restrictions are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Beeson, Hoffman & Siddall*

**REASONS TO BELIEVE**  
**CONSOLIDATED SCHEDULE OF CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

	Year Ended June 30, 2024			
	Beginning Balance	Contributions & Revenues	Releases	Ending Balance
Asia Pacific	\$ -	\$ 66,400	\$ (66,400)	\$ -
Atlanta chapter	-	84	-	84
Austin chapter	1,677	\$ 6,880	(8,557)	-
Birmingham chapter	400	-	(400)	-
Book distribution - Beyond the Cosmos	31,084	-	-	31,084
Book - Bridge to the Gospel	-	22,500	-	22,500
Book production and distribution	-	500	(500)	-
Carmel chapter	-	2,100	(2,100)	-
Chicago chapter	426	200	-	626
Endowment	87,379	27,621	-	115,000
Endowment held in perpetuity	178,292	24,348	-	202,640
Fresno chapter	1,295	-	(1,295)	-
Fuz Rana support	-	25	(25)	-
Houston chapter	600	-	-	600
Hugh and Kathy Ross support	-	125	(125)	-
Illinois American Scientific Affiliation	3,000	-	-	3,000
Information technology	80,501	459	(38,490)	42,470
Jacksonville chapter	430	26	-	456
Japan	2,365	75	(2,440)	-
Lippen school	1,000	-	-	1,000
Media equipment and repairs	-	500	(500)	-
New York / Connecticut event	701	-	-	701
Orange County chapter	595	-	-	595
Outreach event resources	-	4,268	-	4,268
Portland chapter	1,536	2,400	(1,375)	2,561
RTB staff appreciation	-	850	(473)	377
Sacramento chapter	150	-	-	150
San Antonio chapter	950	-	(950)	-
San Diego chapter	2,245	400	(2,645)	-
San Jose chapter	3,393	700	(1,200)	2,893
Scholar Fund	-	240	(220)	20
Seattle chapter	2,486	632	(441)	2,677
Student resources development	81,201	130,000	(157,071)	54,130
Student resources distribution	37,905	100,000	(47,033)	90,872
Southern California university events	4,570	-	-	4,570
Toronto chapter	300	-	-	300
Translation of RTB resources	-	35,350	(35,350)	-
Visiting scholar	35,089	90,576	(96,925)	28,740
Washington DC chapter	541	-	(302)	239
Website rebuild	-	65,000	-	65,000
	<u>\$ 560,111</u>	<u>\$ 582,259</u>	<u>\$ (464,817)</u>	<u>\$ 677,553</u>

**REASONS TO BELIEVE**  
**CONSOLIDATED SCHEDULE OF CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS**

	Year Ended June 30, 2023			
	Beginning Balance	Contributions & Revenues	Releases	Ending Balance
Agree to Argue	\$ 26,032	\$ -	\$ (26,032)	\$ -
Austin chapter	2,849	3,027	(4,199)	1,677
Birmingham chapter	400	-	-	400
Book distribution - Beyond the Cosmos	31,088	-	(4)	31,084
Book production and distribution	37,345	-	(37,345)	-
Chicago chapter	426	-	-	426
Endowment	65,344	22,035	-	87,379
Endowment held in perpetuity	160,263	18,029	-	178,292
Fresno chapter	1,295	-	-	1,295
Hagerstown chapter	524	-	(524)	-
Houston chapter	600	-	-	600
Hugh and Kathy Ross support	-	450	(450)	-
Illinois American Scientific Affiliation	3,000	-	-	3,000
Information technology	129,740	-	(49,239)	80,501
Jacksonville chapter	365	65	-	430
Japan	2,065	300	-	2,365
Lay resources	-	5,000	(5,000)	-
Lippen school	1,000	-	-	1,000
New York / Connecticut event	701	-	-	701
Orange County chapter	595	-	-	595
Outreach event resources	-	1,864	(1,864)	-
Portland chapter	-	2,035	(499)	1,536
Reasons Institute - OCHEC	2,000	-	(2,000)	-
Sacramento chapter	150	-	-	150
San Antonio chapter	950	-	-	950
San Diego chapter	2,245	-	-	2,245
San Jose chapter	3,943	-	(550)	3,393
Scholar Fund	-	295	(295)	-
Seattle chapter	2,486	-	-	2,486
Student resources development	-	100,000	(18,799)	81,201
Student resources distribution	-	100,000	(62,095)	37,905
Southern California university events	4,570	-	-	4,570
Toronto chapter	300	-	-	300
Translation of RTB resources	-	69,500	(69,500)	-
Visiting scholar	-	122,469	(87,380)	35,089
Washington DC chapter	17	524	-	541
	<u>\$ 480,293</u>	<u>\$ 445,593</u>	<u>\$ (365,775)</u>	<u>\$ 560,111</u>