

RAI MINISTRIES, INC.
Financial Statements as of June 30, 2025 and 2024
and For The Years Then Ended

and Independent Auditors' Report



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Sean M. Bruno
Certified Public Accountants, LLC

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
RAI Ministries, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **RAI Ministries, Inc.** (a Louisiana non-profit corporation), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **RAI Ministries, Inc.** as of June 30, 2025, and the changes in its net assets 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. 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 **RAI Ministries, 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 these 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 RAI Ministries, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Auditors' 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. 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 **RAI Ministries, 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 **RAI Ministries, 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.

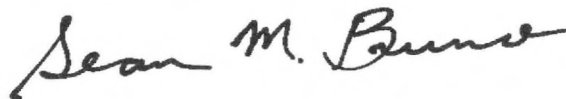
INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on 2024 Financial Statements

The financial statements for the year ended June 30, 2024, were audited by other accountants and they expressed an unmodified opinion on them in their report dated December 10, 2024, but they have not performed any auditing procedures since that date.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

December 29, 2025

Sean M. Bruno
Certified Public Accountants, LLC



RAI MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 138,689	\$ 167,846
Certificate of deposit	217,387	210,084
Contracts receivable, net	101,635	98,379
Prepays and other current assets	16,122	8,342
Mortgage note receivable, current portion	12,049	-
Total current assets	485,882	484,651
PROPERTY AND EQUIPMENT, NET	-	428,162
LONG-TERM ASSETS		
Mortgage note receivable, net	487,951	-
Right of use asset, net	215,625	-
Total long-term assets	703,576	-
TOTAL ASSETS	\$ 1,189,458	\$ 912,813
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 31,807	\$ 20,666
Accrued payroll liabilities	2,252	2,519
Deferred revenue and other current liabilities	200	6,840
Total current liabilities	34,259	30,025
LONG-TERM LIABILITIES		
Operating lease liability	215,625	-
Total long-term liabilities	215,625	-
Total liabilities	249,884	30,025
NET ASSETS		
Without donor restrictions	939,574	864,809
With donor restrictions	-	17,979
Total net assets	939,574	882,788
TOTAL LIABILITIES AND NET ASSETS	\$ 1,189,458	\$ 912,813

The accompanying notes are an integral part of these financial statements.



RAI MINISTRIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
REVENUE AND SUPPORT			
Contracts and grants	\$ 490,223	\$ -	\$ 490,223
Contributions and donations	75,830	-	75,830
Rental income	54,000	-	54,000
Gain on disposal of property and equipment	71,798	-	71,798
Other sources	10,038	-	10,038
Net assets released from restrictions:			
Satisfaction of program restrictions	17,979	(17,979)	-
Total revenue and support	<u>719,868</u>	<u>(17,979)</u>	<u>701,889</u>
EXPENSES			
Program services	567,624	-	567,624
Fundraising	5,281	-	5,281
General and administrative	72,198	-	72,198
Total expenses	<u>645,103</u>	<u>-</u>	<u>645,103</u>
CHANGES IN NET ASSETS	74,765	(17,979)	56,786
NET ASSETS - BEGINNING OF THE YEAR	<u>864,809</u>	<u>17,979</u>	<u>882,788</u>
NET ASSETS - END OF THE YEAR	<u><u>\$ 939,574</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 939,574</u></u>

The accompanying notes are an integral part of these financial statements.



RAI MINISTRIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities			
REVENUE AND SUPPORT			
Contracts and grants	\$ 401,404	\$ -	\$ 401,404
Contributions and donations	93,815	-	93,815
Rental income	54,000	-	54,000
Other sources	14,309	-	14,309
Net assets released from restrictions:			
Satisfaction of program restrictions	8,537	(8,537)	-
	<u>572,065</u>	<u>(8,537)</u>	<u>563,528</u>
Total revenue and support			
EXPENSES			
Program services	584,909	-	584,909
Fundraising	5,993	-	5,993
General and administrative	61,229	-	61,229
	<u>652,131</u>	<u>-</u>	<u>652,131</u>
Total expenses			
CHANGES IN NET ASSETS	(80,066)	(8,537)	(88,603)
NET ASSETS - BEGINNING OF THE YEAR	<u>944,875</u>	<u>26,516</u>	<u>971,391</u>
NET ASSETS - END OF THE YEAR	<u><u>\$ 864,809</u></u>	<u><u>\$ 17,979</u></u>	<u><u>\$ 882,788</u></u>

The accompanying notes are an integral part of these financial statements.



RAI MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Service	Supporting Activities		Total
		Fundraising	General & Administrative	
Advertising	\$ 462	\$ 462	\$ -	\$ 924
Bank charges	-	-	499	499
Contract labor	4,582	-	-	4,582
Depreciation	13,895	-	5,955	19,850
Employee benefits	29,135	455	1,297	30,887
Insurance	25,467	54	23,443	48,964
Meals	68,348	-	-	68,348
Office expenses	26,635	24	364	27,023
Professional fees	42,422	-	5,683	48,105
Repairs and maintenance	38,726	-	12,464	51,190
Salaries and payroll taxes	268,614	4,191	11,959	284,764
Senior center supplies	27,848	-	-	27,848
Telephone	6,096	95	271	6,462
Utilities	15,394	-	10,263	25,657
TOTAL	\$ 567,624	\$ 5,281	\$ 72,198	\$ 645,103

The accompanying notes are an integral part of these financial statements.



RAI MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Service	Supporting Activities		Total
		Fundraising	General & Administrative	
Advertising	\$ 2,115	\$ 1,316	\$ -	\$ 3,431
Bank charges	-	-	330	330
Contract labor	90	-	-	90
Depreciation	26,672	-	6,668	33,340
Dues and subscriptions	25	-	-	25
Employee benefits	30,542	501	1,503	32,546
Insurance	51,418	70	6,759	58,247
Meals	59,831	-	-	59,831
Office expenses	23,449	27	198	23,674
Professional fees	35,428	-	11,262	46,690
Repairs and maintenance	37,370	-	7,531	44,901
Salaries and payroll taxes	240,392	3,944	11,833	256,169
Senior center supplies	44,798	-	-	44,798
Telephone	8,219	135	405	8,759
Travel	2,450	-	-	2,450
Utilities	22,110	-	14,740	36,850
TOTAL	\$ 584,909	\$ 5,993	\$ 61,229	\$ 652,131

The accompanying notes are an integral part of these financial statements.



RAI MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 56,786	\$ (88,603)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	19,850	33,340
Gain on disposal of property and equipment	(71,798)	-
Changes in assets and liabilities:		
Contracts receivable, net	(3,256)	(74,268)
Contributions and other receivables	-	1,700
Prepays and other current assets	(7,780)	7,594
Accounts payable	11,141	8,623
Accrued payroll liabilities	(267)	10
Deferred revenue and other current liabilities	(6,640)	6,240
	(1,964)	(105,364)
Net cash used in operating activities	(1,964)	(105,364)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase certificate of deposit	(7,303)	(10,084)
Purchases of property and equipment	(19,890)	-
	(27,193)	(10,084)
Net cash used in investing activities	(27,193)	(10,084)
DECREASE IN CASH AND CASH EQUIVALENTS	(29,157)	(115,448)
CASH AND CASH EQUIVALENTS-BEGINNING OF THE YEAR	167,846	283,294
CASH AND CASH EQUIVALENTS-END OF THE YEAR	\$ 138,689	\$ 167,846

The accompanying notes are an integral part of these financial statements.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

RAI Ministries, Inc. ("RAI") is a Christ-centered ministry formerly a part of the Southern District Lutheran Church - Missouri Synod ("LCMS"). RAI's mission is to restore faith, home and community to the people of the Greater New Orleans Area. RAI accomplishes this by operating various not-for-profit and government grants and contracts that are in line with its mission.

RAI operates two senior centers for the New Orleans Council on Aging ("NOCOA"). The New Orleans East Senior Center is operated out of Camp Restore, and the Lower Ninth Ward Senior Center is operated out of the Sanchez Center. Funds are received directly from NOCoA and the City of New Orleans. A portion of the funding is provided by Federal Community Development Block Grants and the City of New Orleans Civic Affairs contracts, which are paid monthly, on a cost reimbursement basis. RAI occasionally receives other funding for seniors from NOCoA, including Governor's Office of Elderly Affairs and other state grants. RAI provides meals, information and assistance, outreach, personal care, recreation and wellness services to qualified seniors in the areas.

RAI operated Camp Restore in New Orleans, Louisiana. Camp Restore began operations in October of 2006. Camp Restore housed approximately 300 volunteers in air conditioned/heated dormitory style rooms. Meals were provided to volunteers three times per day, Sunday through Friday. As of June 30, 2025, RAI ceased its volunteer operations at Camp Restore

Basis of Accounting

The financial statements of RAI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America promulgated by the Financial Accounting Standards Board (FASB). Accordingly reflect all significant receivables, payables, and other liabilities.

The financial statement presentation follows the recommendations of the FASB in its Accounting Standards Codification (ASC) 958-210-50-3, Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958-210-50-3, RAI is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of RAI. These net assets may be used at the discretion of RAI's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RAI or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to RAI's ongoing program services, rental income and interest income. Nonoperating activities are limited to other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Concentrations of Risk Arising from Cash Deposits in Excess of Insured Limits

For purposes of the statements of cash flows, RAI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents consisted of cash held in checking and savings accounts at local financial institutions. At June 30, 2025 and 2024, RAI had cash (bank balances) totaling \$138,189 and \$167,346, respectively, at local financial institutions. As of June 30, 2025 and 2025, all balances were secured from risk by federal deposit insurance. Management believes RAI is not exposed to any significant credit risk on cash and cash equivalents.

Certificate of Deposit

RAI held a certificate of deposit totaling \$217,387 and \$210,084 at June 30, 2025 and 2024, respectively. The certificate bore interest of 3.35% and 5.15% as of June 30, 2025 and 2024, respectively. The certificate matures October 22, 2025, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. Interest earned on the CD is recorded at maturity.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Contracts Receivable

Contracts receivable are stated at the amount management expects to collect from outstanding balances. RAI recognizes expected credit losses over the life of contracts receivable by pooling receivables with similar risk characteristics. The provision for credit losses is recorded through an expense, with a corresponding adjustment to a valuation allowance based on management's assessment of the collective credit risk within each pool. This assessment incorporates factors such as historical loss experience, current conditions, and reasonable forecasts of future economic conditions. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No valuation allowance was considered necessary as of June 30, 2025 and 2024.

Property and Equipment

RAI capitalizes all property and equipment with a cost of \$2,000 or more if purchased, or a fair value of \$2,000 or more at date of donation if received by contribution. Donations of property and equipment are recorded as support at their estimated fair value. Expenditures for maintenance, repairs and minor renewals are charged against earnings when incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 3 to 7 years for furniture and fixtures, vehicles, and equipment. Leasehold improvements consist of improvements made by RAI to Camp Restore. Leasehold improvements and building improvements are being depreciated over a period of 10 years. Buildings are being depreciated over a period of 40 years. On June 17, 2025, RAI owner financed the sale of the Prince of Peace Church ("POP") property and all associated improvements to Sovereign Hope Apostolic Fellowship ("SHAF") for \$500,000, recognizing a gain of \$71,798.

Revenue Recognition

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Revenue Recognition (continued)

Contributed Nonfinancial Assets

RAI reports gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, RAI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

RAI did not receive any contributed nonfinancial assets during the years ended June 30, 2025 and 2024.

Contributed Services

Contributed services are recognized if they create or enhance nonfinancial assets or if they require specialized skills and would typically be purchased if not provided by donation. At times, volunteers have donated their time to RAI during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skill. These contributed services were not recognized in the financial statements as they did not meet the criteria for recognition under GAAP.

Contracts with Customers

RAI operates two senior centers for the New Orleans Council on Aging (“NOCOA”), the New Orleans East Senior Center and the Lower Ninth Ward Senior Center. Funds are received directly from the NOCoA through two separate contracts. Contracts are contingent upon the NOCoA receiving funding from governmental agencies. RAI’s primary performance obligations under the contracts are to provide information, assistance, recreation, and wellness activities to the seniors. These performance obligations are substantially the same and have the same pattern of transfer to the contractors and are therefore accounted for as a single performance obligation. The performance obligation is satisfied over time as services are provided. RAI is paid on a cost-reimbursement basis and typically receives funds in arrears during the following month.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Leases and Rental income

RAI assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

RAI leased space in Camp Restore under month-to-month operating leases with tenants. RAI recognized rental revenue attributed to lease components, net of any concessions, on a straight-line basis over the term of the lease. The lease did not transfer ownership of the leased the asset. During the years ended June 30, 2025 and 2024, RAI received \$54,000, under the lease agreements.

In accordance with the adoption of Accounting Standard Codification (“ASC”) 842, RAI defers leasing costs incremental to a lease that would not have been incurred if the contract had not been obtained.

On June 17, 2025, RAI owner financed the sale of the Prince of Peace Church (“POP”) property and all associated improvements to Sovereign Hope Apostolic Fellowship (“SHAF”). Effective June 30, 2025, RAI then leased a portion of the POP property back from SHAF for a term of 10 years at \$2,200 per month. The Company is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. For real estate leases, the Company applies the practical expedient permitted under ASC 842, which allows the use of a risk-free rate to discount lease payments, rather than the rate implicit in the lease or the incremental borrowing rate. Consequently, the Company utilizes a risk-free rate, derived from federal government securities, to discount lease payments on real-estate leases when initially recording leases under ASC 842. This approach is applied consistently to real estate leases.

Income Taxes

RAI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income tax under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosure in the financial statements. Management believes there are no uncertainties included in the accompanying financial statements.

Advertising

RAI uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred.

Deferred Revenue

Income received in the current year for volunteers staying at Camp Restore in future periods is deferred and recognized over the period in which the volunteers’ stay at Camp Restore occurs.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and payroll taxes	Time and effort
Employee benefits	Time and effort
Repairs and maintenance	Square footage
Depreciation	Square footage
Utilities	Square footage

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 29, 2025, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE B – CREDIT RISK CONCENTRATION AND MAJOR FUNDING SOURCES

For the years ended June 30, 2025 and 2024, RAI received 70% and 71% of its support through grants and contracts related to senior center operations.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE C – CONTRACTS WITH CUSTOMERS

City of New Orleans contracts that originate from Community Development Block Grants for the years ended June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Grant receivable, beginning of year	\$ 77,671	\$ 13,757
Grant expenditures	198,386	169,704
Grant receipts	(195,130)	(105,790)
Allowance for doubtful accounts	-	-
	\$ 80,927	\$ 77,671

NOCOA contracts that originate from City of New Orleans Civic Affairs for the years ended June 30, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Contract receivable, beginning of year	\$ 20,708	\$ 10,354
Contract expenditures	124,249	124,247
Contract receipts	(124,249)	(113,893)
Allowance for doubtful accounts	-	-
	\$ 20,708	\$ 20,708

For the years ended June 30, 2025 and 2024, RAI received \$17,959 and \$17,452, respectively, from Governor’s Office of Elderly Affairs contracts with NOCoA.

NOTE D – GRANTS

For the years ended June 30, 2025 and 2024 RAI received \$90,000, in state government grants from NOCoA.

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects RAI's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for future required funding of debt. However, amounts already appropriated for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2025	2024
Financial assets, at year end	\$ 457,711	\$ 476,309
Less those unavailable for general expenditure		
Within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(-)	(17,979)
Financial assets available to meet cash needs for general expenditures within one year	\$ 457,711	\$ 458,330

RAI is substantially supported by contract reimbursements. Because a donor's restriction requires resources to be used in a particular manner or in a future period, RAI must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of RAI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions subject to expenditure for a specified purpose consisted of the following as of June 30, 2025 and 2024:

	2025	2024
Materials assistance	\$ -	\$ 17,979
	\$ -	\$ 17,979

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE G – MORTGAGE NOTE RECEIVABLE

On June 17, 2025, RAI owner financed the sale of the Prince of Peace Church (“POP”) property and all associated improvements to Sovereign Hope Apostolic Fellowship (“SHAF”) for \$500,000. The \$500,000 mortgage note receivable bears interest at 4% and is payable in 310 monthly principal and interest payments of \$2,600 starting July 1, 2025. The final payment will be for all principal and accrued interest not yet paid on April 1, 2051. Future principal payments receivable under the note as of June 30, 2025 were as follows:

<u>Year ending June 30,</u>	<u>Principal</u>
2026	\$ 12,049
2027	11,624
2028	12,052
2029	12,603
2030	13,123
Thereafter	<u>438,549</u>
	<u>\$ 500,000</u>

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2025 and 2024, respectively:

	<u>2025</u>	<u>2024</u>
Land	-	30,370
Building and improvements	-	375,000
Leasehold improvements	-	797,897
Vehicles	-	45,000
Equipment	19,477	54,550
Furniture and fixtures	-	30,037
Total property and equipment	<u>19,477</u>	<u>1,332,854</u>
Less accumulated depreciation	<u>(19,477)</u>	<u>(904,692)</u>
Net property and equipment	<u>-</u>	<u>428,162</u>

NOTE I – RIGHT OF USE ASSETS AND LEASES

The following summarizes the line items in the income statements which include the components of lease expenses for the year ended June 30, 2025:

Operating lease cost:	
Operating lease cost - buildings	\$ _____ -
Total operating lease costs	<u>\$ _____ -</u>

RAI MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE I – RIGHT OF USE ASSETS AND LEASES (continued)

The following summarizes noncash activities wherein lease liabilities were exchanged for right of use assets:

New operating lease obligations	\$	215,625
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The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2025:

<u>Weighted Average Remaining Lease Term</u>		
Operating leases – buildings		10.0 years
 <u>Weighted Average Discount Rate</u>		
Operating leases - buildings		4.24%

The future maturities of lease liabilities as of June 30, 2025 were as follows:

<u>Year ending June 30,</u>	<u>Operating Lease</u>
2026	\$ 18,389
2027	18,392
2028	19,187
2029	20,017
2030	20,882
Thereafter	118,758
	<u>\$ 215,625</u>

RAI MINISTRIES, INC.
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2025

(See Independent Auditors' Report)

Renee Rolland
 Executive Director

7/01/2024
 through
 6/30/2025

Time served

Salary

\$ -

Total compensation, benefits, and other payments

\$ -

There were no payments for the benefit of the Executive Director that were derived from the public grants or contributions that the Organization receives.