

Regional Christian University
Annual Financial Report
Year Ended June 30, 2020

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James A. Hiebert, CPA

2221 Primrose Ave
McAllen, TX 78504-4128
956-580-0669

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors:
Regional Christian University
PO Box 6283
McAllen, Texas 78502

We have audited the accompanying financial statements of Regional Christian University (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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.

Auditor's 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 judgement, 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 Regional Christian University, as of June 30, 2020, and the changes 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.



James Hiebert
Certified Public Accountant
McAllen, Texas
November 13, 2020

Regional Christian University
Statement of Financial Position
As of June 30, 2020

Assets

Current Assets	
Unconditional promises to give	\$ 6,400
Total Current Assets	6,400
Property and Equipment	
Property and Equipment	279,000
Less Accumulated Depreciation	(69,750)
Total Property and Equipment	209,250
Total Assets	\$ 215,650

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 2,200
Due to Lone Star National Bank	10
Total Current Liabilities	2,210
Long-term Liabilities	
Notes Payable - Long-term Portion	31,499
Total Long-Term Liabilities	31,499
Net Assets	
Without donor restrictions	181,941
With donor restrictions	-
Total Net Assets	181,941
Total Liabilities and Net Assets	\$ 215,650

Regional Christian University
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
Support, Revenues and Reclassifications			
Contributions	\$ 30,668	\$ -	\$ 30,668
Tuition	<u>7,578</u>	<u>-</u>	<u>7,578</u>
Total Support, Revenue and Reclassifications	<u>38,246</u>	<u>-</u>	<u>38,246</u>
Expenses			
Program services	84,281	-	84,281
Support service:			
Management and general	8,552	-	8,552
Fundraising and grant development	<u>934</u>	<u>-</u>	<u>934</u>
Total Expenses	<u>93,767</u>	<u>-</u>	<u>93,767</u>
Change in Net Assets	(55,521)	-	(55,521)
Net Assets - Beginning of year	<u>237,462</u>	<u>-</u>	<u>237,462</u>
Net Assets - End of year	<u>\$ 181,941</u>	<u>\$ -</u>	<u>\$ 181,941</u>

Regional Christian University
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising and Grant Development	Total 2020
Compensation and related benefits				
Salaries & wages	\$ 2,085	\$ 232	\$ -	\$ 2,317
Total Personnel and Related Benefits	2,085	232	-	2,317
Accreditation	13,277	-	-	13,277
Advertising	-	-	934	934
Bank Charges	-	491	-	491
Continuing education	774	-	-	774
Curriculum and materials	609	-	-	609
Depreciation	50,220	5,580	-	55,800
Donations	1,337	-	-	1,337
Dues and subscriptions	-	302	-	302
Insurance	348	39	-	387
Maintenance and repairs	1,165	130	-	1,295
Meals & Entertainment	329	37	-	366
Medical, dental and vision care	5	1	-	6
Utilities	1,448	161	-	1,609
Postage	61	7	-	68
Professional fees	1,314	146	-	1,460
Supplies	386	43	-	429
Travel	1,402	156	-	1,558
Rent	8,507	945	-	9,452
Telephone	251	28	-	279
Transportation	763	254	-	1,017
Total Functional Expenses	\$ 84,281	\$ 8,552	\$ 934	\$ 93,767

Regional Christian University
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash Flows from Operating Activities

Contributions	\$	30,668
Tuition		7,578
Total receipts		38,246
Accreditation		(13,277)
Administrative		(6,513)
Donations		1,337
Insurance		(387)
Supplies		(429)
Professional fees		(1,460)
Repairs and maintenance		(1,295)
Rent		(9,452)
Salaries and wages		(2,317)
Transportation		(1,017)
Travel		(1,558)
Telephone		(279)
Utilities		(1,609)
Total receipts		(38,256)
Net cash provided by (used in) operating activities		(10)

Cash Flows from Investing Activities

Net purchase of fixed assets		-
Net cash provided by (used in) investing activities		-

Cash Flows from Financing Activities

Net cash provided by (used in) financing activities		-
Net increase (decrease) in cash		(10)
Beginning cash and cash equivalents		-
Ending cash and cash Equivalents	\$	(10)

Regional Christian University
Notes to Financial Statements
June 30, 2020

1. Accounting Policies

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles. A summary of Regional Christian University's accounting policies are as follows:

A. About the Organization

Regional Christian University is a non-profit organization incorporated in Texas with facilities in Edinburg, Texas which provides education and care for underprivileged students. Currently all students are from Mexico. Regional Christian University also donates money to other worthy missionary causes. Regional Christian University is funded entirely by contributions and tuition.

B. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent 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.

D. Property, Plant and Equipment

Property and equipment are recorded at cost, except for donated equipment, which is recorded at the estimated value on date of receipt. All assets acquired with a value in excess of \$500 are recorded as fixed assets. Depreciation is provided on the straight-line method based upon estimated useful lives of five years for equipment, seven years for furniture and fixtures, and thirty-nine years for buildings and improvements. Gains or losses on retirement or sales of property and equipment are reflected in income for the period. The proceeds from such sales which are not legally required or expected to be reinvested in property and equipment are transferred to unrestricted net assets.

E. Compensated Absences

The Company does not have any vested or accumulated vacation or sick leave.

F. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

G. 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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon reasonable methods established by management for allocating the Organization's multiple function expenditures.

H. Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 1,000 volunteer hours per year.

I. Federal Income Taxes

The Corporation is registered as a non-profit organization with the Texas Secretary of state and is in the process of applying for exemption from income tax under Section 501 (c) (3) of the Internal Revenue Code and, therefore, has no provision for income taxes. The Organization's tax returns are subject to examination by the Internal Revenue Service.

Regional Christian University
Notes to Financial Statements
June 30, 2020

2. Restrictions on Net Assets

Without donor restrictions

Net assets without donor restrictions are available for any purpose designated by the Board of Regional Christian University. Net assets without donor restrictions at June 30, 2020 amounted to \$181,941.

With donor restrictions

There were no net assets with donor restrictions at June 30, 2020.

3. Cash and Cash Equivalents

All cash deposits are held at JPMorgan Chase Bank and Lone Star National Bank under a depository agreement. The Federal Deposit Insurance Corporation (FDIC) insures deposits of the Organization up to \$250,000. The carrying amounts of cash and cash equivalents reported on the financial statements approximate fair market value because of the short-term maturities of these instruments.

Cash and cash equivalents as of June 30, 2020 amounted to (\$10).

4. Property and Equipment

Property and equipment at June 30, 2020 consist of:

Equipment	\$ 279,000
Less: Accumulated Depreciation	<u>(69,750)</u>
Total Net Property and Equipment	<u>\$ 209,250</u>

Current year additions were \$0 and disposals were \$0.

5. Related Party Transactions

The President of the Organization purchased buildings from the Organization and leases space back to the Organization. The amount of rent paid the the President during the fiscal year ended June 30, 2020 amounted to \$9,452.

6. Non-Cash Contribution

In the prior year the Organization was given approximately 55,000 books along with metal shelving from Shiloh University. The donor had purchased the books and shelving approximately six years earlier at a discounted rate of \$279,000 but also believe that the donation could justifiably be valued at \$1,000,000. Management has estimated the value of the donation at \$279,000 for purposes of recording the donation in the financial statements.

7. Going Concern Consideration

The issue of the Organization's ability to continue as a going concern due to the low cash balance. Management has evaluated these conditions and determined that it has been a combination of additional expenses necessary for accreditation as well as a decrease in financial support from past donors due to changes in their situations. Management has begun to focus more on fund raising, which is something that the organization has not previously done. The Organization has previously relied on free will donations and they feel that this new effort will produce much needed funds. Also, the efforts made to qualify for accreditation, if successful, will allow the organization to become eligible for additional funds in the form of grants, student financial aid and other benefits. In addition, since the land and buildings used by the organization are leased from the President, he is also willing and able to defer lease payments as needed.

8. Subsequent Events

The organization has considered all subsequent events through November 13, 2020, the date the financial statements were available to be issued.