

**Regional Christian University**  
Annual Financial Report  
Year Ended June 30, 2021

# Regional Christian University

Annual Financial Report  
Year Ended June 30, 2021

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# James A. Downing, CPA

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## 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, 2021, 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

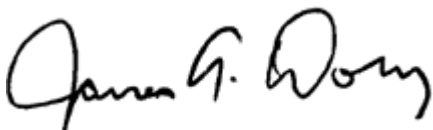
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2021, 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 A. Downing  
Certified Public Accountant  
Houston, Texas  
November 15, 2021

**Regional Christian University**  
**Statement of Financial Position**  
**As of June 30, 2021**

**Assets**

<b>Current Assets</b>	
Cash	\$ 33,183
<b>Total Current Assets</b>	<u>33,183</u>
<b>Property and Equipment</b>	
Property and Equipment	279,000
Less Accumulated Depreciation	<u>(125,550)</u>
<b>Total Property and Equipment</b>	<u>153,450</u>
<b>Total Assets</b>	<u>\$ 186,633</u>

**Liabilities and Net Assets**

<b>Current Liabilities</b>	
Accounts payable	\$ 0
Due to Lone Star National Bank	<u>0</u>
<b>Total Current Liabilities</b>	<u>0</u>
<b>Long-term Liabilities</b>	
Notes Payable - Long-term Portion	<u>33,859</u>
<b>Total Long-Term Liabilities</b>	<u>33,859</u>
<b>Net Assets</b>	
Without donor restrictions	152,774
With donor restrictions	<u>-</u>
<b>Total Net Assets</b>	<u>152,774</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 186,633</u>

**Regional Christian University**  
**Statement of Activities**  
**For the Year Ended June 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2021</b>
<b>Support, Revenues and Reclassifications</b>			
Contributions	\$ 61,858	\$ -	\$ 61,858
Tuition	6,588	-	6,588
<b>Total Support, Revenue and Reclassifications</b>	<b>68,446</b>	<b>-</b>	<b>68,446</b>
<b>Expenses</b>			
Program services	92,889	-	92,889
Support service:			
Management and general	7,727	-	7,727
Fundraising and grant development	-	-	-
<b>Total Expenses</b>	<b>100,616</b>	<b>-</b>	<b>100,616</b>
<b>Change in Net Assets</b>	<b>(32,170)</b>	<b>-</b>	<b>(32,170)</b>
<b>Net Assets - Beginning of year</b>	<b>184,944</b>	<b>-</b>	<b>184,944</b>
<b>Net Assets - End of year</b>	<b>\$ 152,774</b>	<b>\$ -</b>	<b>\$ 152,774</b>

**Regional Christian University  
Statement of Functional Expenses  
For the Year Ended June 30, 2021**

<b>Compensation and related benefits</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising and Grant Development</b>	<b>Total 2021</b>
Salaries & wages	\$ 761	\$ 85	\$ -	\$ 846
<b>Total Personnel and Related Benefits</b>	<b>761</b>	<b>85</b>	<b>-</b>	<b>846</b>
Accreditation	11,547	-	-	11,547
Advertising	-	-	-	-
Bank Charges	-	314	-	314
Continuing education	-	-	-	-
Curriculum and materials	13,988	-	-	13,988
Depreciation	50,220	5,580	-	55,800
Donations	1,320	-	-	1,320
Dues and subscriptions	-	-	-	-
Insurance	-	-	-	-
Maintenance and repairs	233	26	-	260
Meals & Entertainment	59	7	-	66
Medical, dental and vision care	-	-	-	-
Utilities	128	14	-	142
Postage	14	2	-	15
Professional fees	2,775	308	-	3,083
Supplies	1,624	180	-	1,804
Travel	133	15	-	148
Rent	9,360	1,040	-	10,400
Telephone	392	44	-	435
Transportation	335	112	-	446
<b>Total Functional Expenses</b>	<b>\$ 92,889</b>	<b>\$ 7,727</b>	<b>\$ -</b>	<b>\$ 100,614</b>

**Regional Christian University**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

**Cash Flows from Operating Activities**

Contributions	\$	61,858
Tuition		6,588
Total receipts		68,446
Accreditation		(11,547)
Administrative		6,887
Curriculum and materials		(13,988)
Donations		(1,320)
Maintenance and repairs		(260)
Meals		(66)
Utilities		(142)
Postage		(15)
Salaries and wages		(846)
Professional fees		(3,083)
Supplies		(1,804)
Travel		-148
Rent		-10400
Telephone		(435)
Transportation		(446)
Total disbursements		(37,613)
Net cash provided by (used in) operating activities		30,833

**Cash Flows from Investing Activities**

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

**Cash Flows from Financing Activities**

Loan proceeds		2,360
Net cash provided by (used in) financing activities		2,360

**Net increase (decrease) in cash** **33,193**

**Beginning cash and cash equivalents** **(10)**

**Ending cash and cash Equivalents** **\$ 33,183**

**Regional Christian University**  
**Notes to Financial Statements**  
**June 30, 2021**

**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, 2021**

**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, 2021 amounted to \$152,774.

With donor restrictions

There were no net assets with donor restrictions at June 30, 2021.

**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, 2021 amounted to \$33,183.

**4. Property and Equipment**

Property and equipment at June 30, 2021 consist of:

Equipment	\$ 279,000
Less: Accumulated Depreciation	<u>(125,550)</u>
Total Net Property and Equipment	<u>\$ 153,450</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, 2021 amounted to \$10,400.

**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 15, 2021, the date the financial statements were available to be issued.