

INDIA RURAL
EVANGELICAL FELLOWSHIP, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
India Rural Evangelical Fellowship, Inc.
Park Ridge, Illinois

Opinion

We have audited the accompanying financial statements of India Rural Evangelical Fellowship, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of India Rural Evangelical Fellowship, Inc. as of December 31, 2022 and 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.

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 India Rural Evangelical Fellowship, 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.

Emphasis of Matter

As described in *Note 2* to the financial statements, during the year ended December 31, 2022, India Rural Evangelical Fellowship, Inc adopted Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

As described in *Note 2* to the financial statements, during the year ended December 31, 2022, India Rural Evangelical Fellowship, Inc adopted new accounting guidance, ASU 2016-02, (Topic 8412) Leases, as amended. Our opinion is not modified with respect to this matter.

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 India Rural Evangelical Fellowship, Inc.'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. 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 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 India Rural Evangelical Fellowship, 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 India Rural Evangelical Fellowship, 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.

Jeffrey W. Krol & Associates, Ltd.

Jeffrey W. Krol & Associates, Ltd.

Chicago, Illinois

November 13, 2023

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

Assets

	2022	2021
<u>Assets:</u>		
Cash and cash equivalents	\$ 568,446	\$ 680,548
Program service advances	-	150,000
Total Assets	\$ 568,446	\$ 830,548

Liabilities and Net Assets

<u>Liabilities:</u>		
Accrued expenses	\$ 28,074	\$ 19,685
Credit cards payable	9,218	3,784
Total Liabilities	37,292	23,469
<u>Net Assets:</u>		
Without donor restrictions	476,283	643,889
With donor restrictions	54,871	163,190
Total Net Assets	531,154	807,079
Total Liabilities and Net Assets	\$ 568,446	\$ 830,548

See accompanying notes.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating Revenue and Support:</u>			
Contributions	\$ 564,284	\$ 139,695	\$ 703,979
In-kind contributions	127,200	-	127,200
Special event revenue	233,185	-	233,185
Less: Cost of special event	(141,518)	-	(141,518)
Net Special event revenue	91,667	-	91,667
Net assets released from restrictions	248,014	(248,014)	-
Total Operating Revenue and Support	1,031,165	(108,319)	922,846
<u>Operating Expenses:</u>			
Program Services			
Capital projects	30,608	-	30,608
Crusades	125,454	-	125,454
Evangelical and local churches	196,308	-	196,308
Child care and school	612,997	-	612,997
Other	283	-	283
Total Program Services	965,650	-	965,650
Support Services			
Management and general	67,799	-	67,799
Fundraising	165,923	-	165,923
Total Support Services	233,722	-	233,722
Total Operating Expenses	1,199,372	-	1,199,372
Change in Net Assets from Operations	(168,207)	(108,319)	(276,526)
<u>Nonoperating Activities:</u>			
Gain on forgiveness of PPP loan	-	-	-
Interest income	601	-	601
Total Nonoperating Activities	601	-	601
Change in Net Assets	(167,606)	(108,319)	(275,925)
Net Assets, Beginning of Year	643,889	163,190	807,079
Net Assets, End of Year	\$ 476,283	\$ 54,871	\$ 531,154

See accompanying notes.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Operating Revenue and Support:</u>			
Contributions	\$ 775,259	\$ 152,654	\$ 927,913
In-kind contributions	79,200	-	79,200
Special event revenue	132,608	-	132,608
Less: Cost of special event	(80,710)	-	(80,710)
Net Special event revenue	51,898	-	51,898
Net assets released from restrictions	83,570	(83,570)	-
Total Operating Revenue and Support	989,927	69,084	1,059,011
<u>Operating Expenses:</u>			
Program Services			
Capital projects	36,718	-	36,718
Crusades	10,000	-	10,000
Evangelical and local churches	168,007	-	168,007
Child care and school	526,376	-	526,376
Other	6,670	-	6,670
Total Program Services	747,771	-	747,771
Support Services			
Management and general	60,894	-	60,894
Fundraising	163,748	-	163,748
Total Support Services	224,642	-	224,642
Total Operating Expenses	972,413	-	972,413
Change in Net Assets from Operations	17,514	69,084	86,598
<u>Nonoperating Activities:</u>			
Gain on forgiveness of PPP loan	31,250	-	31,250
Interest income	80	-	80
Total Nonoperating Activities	31,330	-	31,330
Change in Net Assets	48,844	69,084	117,928
Net Assets, Beginning of Year	595,045	94,106	689,151
Net Assets, End of Year	\$ 643,889	\$ 163,190	\$ 807,079

See accompanying notes.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES					SUPPORT SERVICES			Total Expenses	
	Capital Projects	Crusades	Evangelical and Local Churches	Child Care and School	Other	Total Program Services	Management and General	Fundraising		Total Support Services
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,900	\$ -	\$ 7,900	\$ 7,900
Association dues	-	-	-	-	-	-	1,065	-	1,065	1,065
Bank charges	-	-	-	-	-	-	2,862	-	2,862	2,862
Insurance	-	-	-	-	-	-	1,139	-	1,139	1,139
Office expenses	-	-	-	-	-	-	7,150	30,135	37,285	37,285
Postage	-	-	-	-	-	-	-	5,241	5,241	5,241
Professional fees	-	-	-	-	-	-	-	1,969	1,969	1,969
Program expenses	30,608	125,454	151,060	567,749	283	875,154	-	-	-	875,154
Salaries, payroll taxes and other compensation	-	-	45,248	45,248	-	90,496	42,860	128,578	171,438	261,934
Special Event Expenses	-	-	-	-	-	-	-	141,518	141,518	141,518
Telephone	-	-	-	-	-	-	100	-	100	100
Travel	-	-	-	-	-	-	4,723	-	4,723	4,723
Total Expenses	\$ 30,608	\$ 125,454	\$ 196,308	\$ 612,997	\$ 283	\$ 965,650	\$ 67,799	\$ 307,441	\$ 375,240	\$ 1,340,890
Less Expenses Netted in Revenue:										
Special Events Expenses	-	-	-	-	-	-	-	(141,518)	(141,518)	(141,518)
Total Functional Expenses	\$ 30,608	\$ 125,454	\$ 196,308	\$ 612,997	\$ 283	\$ 965,650	\$ 67,799	\$ 165,923	\$ 233,722	\$ 1,199,372

See accompanying notes.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES					SUPPORT SERVICES			Total Expenses	
	Capital Projects	Crusades	Evangelical and Local Churches	Child Care and School	Other	Total Program Services	Management and General	Fundraising		Total Support Services
Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ -	\$ 7,000	\$ 7,000
Association dues	-	-	-	-	-	-	1,225	-	1,225	1,225
Bank charges	-	-	-	-	-	-	5,300	-	5,300	5,300
Insurance	-	-	-	-	-	-	2,615	-	2,615	2,615
Office expenses	-	-	-	-	-	-	1,978	33,363	35,341	35,341
Postage	-	-	-	-	-	-	-	4,389	4,389	4,389
Professional fees	-	-	-	-	-	-	-	24,404	24,404	24,404
Program expenses	36,718	10,000	145,906	504,275	6,670	703,569	-	-	-	703,569
Salaries, payroll taxes and other compensation	-	-	22,101	22,101	-	44,202	42,244	101,592	143,836	188,038
Special Event Expenses	-	-	-	-	-	-	-	80,710	80,710	80,710
Telephone	-	-	-	-	-	-	90	-	90	90
Travel	-	-	-	-	-	-	442	-	442	442
Total Expenses	\$ 36,718	\$ 10,000	\$ 168,007	\$ 526,376	\$ 6,670	\$ 747,771	\$ 60,894	\$ 244,458	\$ 305,352	\$ 1,053,123
Less Expenses Netted in Revenue:										
Special Events Expenses	-	-	-	-	-	-	-	(80,710)	(80,710)	(80,710)
Total Functional Expenses	\$ 36,718	\$ 10,000	\$ 168,007	\$ 526,376	\$ 6,670	\$ 747,771	\$ 60,894	\$ 163,748	\$ 224,642	\$ 972,413

See accompanying notes.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021

	2022	2021
<u>Cash Flows From Operating Activities:</u>		
Cash received from donors	\$ 703,979	\$ 912,722
Special Events:		
Cash received for special events	233,185	132,608
Cash paid for special events	<u>(21,518)</u>	<u>(5,710)</u>
Net cash - special events	211,667	126,898
Interest income	601	80
Cash paid to India	(659,699)	(853,569)
Cash paid to other program services	(155,951)	(44,202)
Cash paid for support and fundraising	<u>(212,699)</u>	<u>(218,416)</u>
Net Cash Used by Operating Activities	<u>(112,102)</u>	<u>(76,487)</u>
<u>Cash Flows From Investing Activities:</u>		
Proceeds from sale of investments	<u>-</u>	<u>15,191</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>15,191</u>
<u>Cash Flows From Financing Activities:</u>		
Bank note payable	<u>-</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	(112,102)	(61,296)
Cash at Beginning of Year	<u>680,548</u>	<u>741,844</u>
Cash at End of Year	<u>\$ 568,446</u>	<u>\$ 680,548</u>
Reconciliation of Changes in Net Assets to		
Net Cash from Operating Activities:		
Change in Net Assets	\$ (275,925)	\$ 117,928
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Noncash contributions of investments	-	(15,191)
Proceeds from bank note payable	-	-
Change in assets and liabilities:		
Program service advances	150,000	(150,000)
Bank note payable	-	(31,250)
Credit card payable	5,434	1,547
Accrued expenses	<u>8,389</u>	<u>479</u>
Net Cash Used by Operating Activities	<u>\$ (112,102)</u>	<u>\$ (76,487)</u>

See accompanying notes.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1. Description of Organization

India Rural Evangelical Fellowship, Inc. (IREF/US) was founded on August 21, 1984 to promote, with the help of God, the gospel message of Christianity within the state of Andhra Pradesh, South India; to print and publish Christian literature; to promote and maintain individual churches, until they are able to stand alone; to establish and maintain homes for underprivileged and destitute children; to provide financial assistance in supporting medical services for the rural poor; and to encourage human development through the creation of self-help projects. India Rural Evangelical Fellowship/India (IREF/India) is the parent organization. IREF/US is a fundraising affiliate ministry.

NOTE 2. Significant Accounting Policies

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities.

The financial statements of IREF/US have been prepared in accordance with U.S generally accepted accounting principles ("US GAAP") which require IREF/US to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed stipulations which may be used for general operations.

Included in Net Assets without Donor Restrictions are Management Designated net assets for which management, rather than a donor, has designated net assets to be reserved for future designated purposes.

Net Assets with Donor Restrictions – Net assets that are restricted either as to purpose or as to time of expenditure. This includes net assets subject to donor-imposed stipulations that must be maintained permanently by IREF/US.

Revenues are reported as increases in Net Assets without Donor Restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in Net Assets without Donor Restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in Net Assets without Donor Restrictions

INDIA RURAL EVANGELICAL FELLOWSHIP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Contributions

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. When a restriction expires, Net Assets with Donor Restrictions are reclassified to Net Assets without Donor Restrictions. Revenue from special events is recognized when the event is held.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments and Fair Value Measurements

The Organization applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity, are significant to the fair value of the assets or liabilities.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its

INDIA RURAL EVANGELICAL FELLOWSHIP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. Significant Accounting Policies (continued)

Investments and Fair Value Measurements (continued)

valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the years ended December 31, 2022 and 2021.

The following have been recorded at fair value:

- Donated services
- Investments

Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated Services, Property and Equipment

Donated services are recognized as contributions if the services: (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by IREF/US.

Additionally, IREF/US receives services donated by volunteers in carrying out its mission. No amounts have been recognized for these services in the accompanying statement of activities because the criteria for recognition of such volunteer efforts as contributed services have not been satisfied.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as without donor restrictions support unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, IREF/US reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. IREF/US reclassifies Net Assets with Donor restrictions to Net Assets without Donor Restrictions at that time.

Property and Equipment

Expenditures for equipment in excess of \$500 are capitalized at cost. Depreciation of equipment is computed on the straight-line method over the estimated useful lives of the assets.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2. Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Expenses which are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated are personnel expenses, which are allocated on the basis of estimates of time and effort.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of items attributable to IREF/US's ongoing activities. Non-operating activities are limited to resources that generate return from long-term investments in excess of amounts designated for operations, endowment contributions, financing cost, and other activities considered to be of more unusual or nonrecurring nature.

Adoption of New Lease Accounting Standard

Effective January 1, 2022, IREF/US adopted Accounting Standards Update (ASU) 2016-02, Leases (ASC Topic 842) and subsequent amendments. ASC 842 affects all entities that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its statement of financial position for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized. IREF/US has no leases.

In September 2020, the Financial Standard Board) ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. The standard requires updated presentation and enhanced disclosure related to contributed nonfinancial assets received. The enhanced disclosure included disaggregation of significant categories of contributed nonfinancial assets and additional qualitative information regarding the use of these contributed nonfinancial assets. ASU 2020-07 has been implemented in the accompanying financial statements on a retrospective basis, however there is no effect on net assets in connection with the implementation of ASU 2020-07 as the update only increased presentation and disclosure requirements for the prior year and did not impact amounts recorded.

NOTE 3. Liquidity and Availability

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable

INDIA RURAL EVANGELICAL FELLOWSHIP, INC
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

NOTE 3. Liquidity and Availability (continued)

assurance that long-term obligations will be discharged. The following table reflects the Organization's financial assets (cash and cash equivalents and investments) as of December 31, 2022 and 2021, reduced by amounts not available for general expenditures within one year.

The Organization's financial assets available within one year of the balance sheet date to fund general expenditures are as follows:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	\$ 568,446	\$ 680,548
Total financial assets	568,446	680,548
Less: Net assets with donor restrictions subject to expenditure:	54,871	163,190
Financial assets available to meet general expenditures for the next 12 months	\$ 513,575	\$ 517,358

NOTE 4. Investments

Investments normally consist of stock donations. The policy of the organization is to liquidate donated securities as soon as reasonably possible. There were no investments as of December 31, 2022 or 2021.

NOTE 5. Intentions to Give

The Organization communicates with donors through a monthly newsletter. The newsletters communicate the various needs of the ministry and solicit donors for their support. Donors who are interested in supporting the ministry are provided with mailing envelopes, which allow the donor to specify how their contributions are to be applied towards various needs of the ministry. Since there are no pledges or promises to give, there is no revenue recognition. Revenue is not recorded in the statement of activities until the contributions are received.

NOTE 6. Bank Note Payable – Paycheck Protection Program

In May 2020, IREF/US borrowed \$31,250 from JPMorgan Chase Bank under the U.S. Small Business Administration's Paycheck Protection Program ("PPP"). Proceeds from the loan, which was unsecured, were required to be used for specified expenses, principally payroll. The loan accrued interest at 1% and was due in May 2022. Terms of the loan indicated that if certain conditions were met the loan would be forgiven. IREF/US met the conditions of the PPP and the amount of the loan of \$31,250 was forgiven on July 30, 2021, and the amount was recorded as gain on forgiveness of PPP loan under non-operating activities in the year ended December 31, 2021.

INDIA RURAL EVANGELICAL FELLOWSHIP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7. Restrictions of Net Assets

Net assets with donor restrictions are available for:

	December 31,	
	2022	2021
Various program services	\$ 27,133	\$ 128,389
Capital projects	27,738	34,801
	\$ 54,871	\$ 163,190

NOTE 8. Fair Values of Financial Instruments

Cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of these investments or instruments.

NOTE 9. Allocation of Joint Costs of Salary and Other Compensation

In 2022, the Organization incurred joint costs of \$261,934 for salary and other compensation that included fundraising appeals. Of those costs, an estimated \$90,496 was allocated to program services, \$42,860 was allocated to management and general expense and \$141,518 was allocated to fundraising.

In 2021, the Organization incurred joint costs of \$188,038 for salary and other compensation that included fundraising appeals. Of those costs, an estimated \$44,202 was allocated to program services, \$42,244 was allocated to management and general expense and \$101,592 was allocated to fundraising.

NOTE 10. In-kind Donations

IREF/US receives in-kind donations for their annual Together Event and Shine banquet and also for printing services for its ongoing fundraising marketing material. The in-kind donations are without donor restrictions but are used for annual events and periodic fundraising purposes. The in-kind donations are allocated in the statement of functional expenses to special event expense and office expense under fundraising support services. In-kind donations are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. For the years ended December 31, 2022 and 2021, the in-kind donations are as follows:

	Support Services
December 31, 2022	
Special event – Broadcasting services	\$ 120,000
Printing services	7,200
Total	\$ 127,200

INDIA RURAL EVANGELICAL FELLOWSHIP, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10. In-kind Donations (continued)

December 31, 2021	Support Services
Special event – Broadcasting services	\$ 75,000
Printing services	4,200
Total	\$ 79,200

NOTE 11. Tax Status

The Organization is exempt from income tax under Section 501(C)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported Organization which is not a private foundation under Section 509(a)(1) of the Code. No provisions for income taxes are required for the years ended December 31, 2022 and 2021 as the Organization had no unrelated business income. The Organization has no uncertain tax positions for the year ended December 31, 2022.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 12. Concentrations of Credit Risk

The organization maintains its cash balance in a financial institution which, at times, may exceed federally insured limits. The Organization has not experienced any losses in the account and believes it is not exposed to any significant credit risk on cash.

NOTE 13. Concentrations of Contributions

Contributions in the amount of \$922,846 and \$1,059,011 were received during the fiscal years ended December 31, 2022 and 2021, respectively. Of the amount received, the largest three donors contributed approximately \$297,753 (32%) and \$435,400 (41%) during the fiscal years ended December 31, 2022 and 2021, respectively. Various churches, organizations and individuals contributed the balance.

NOTE 14. Related Party

The Organization has two affiliated organization, IREF/India and IREF/UK. IREF/India is the parent organization and IREF/US is the US fundraising affiliate and IREF/UK is the United Kingdom fundraising affiliate. Except for funds needed to operate IREF/US, all monies donated to IREF/US (although not required) are sent to IREF/India as needed, with the appropriate designations. Transfers in the amount of \$659,699 and \$853,569 for the years

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NOTE 14. Related Party (continued)

ended December 31, 2022 and 2021, respectively, have been sent to IREF/India. During 2022, there was a \$10,000 short term advance IREF/UK that was paid back in full before the ended December 31, 2022. .

The organization received contributions from board members totaling \$287,574 and \$453,582 for the years ended December 31, 2022 and 2021, respectively.

Additional transactions with related parties are the payment of salary and housing reimbursement to the IREF/US president and salary expense to three employees in 2022 and 2021 who are related to board members. The amount of these transactions totals \$198,168 and \$188,038 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, \$20,000 and \$15,000 were due to a related party, respectively.

NOTE 15. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 13, 2023, the date which the financial statements were available to be issued and noted the following that would warrant disclosure in the financial statements.

NOTE 16. Reclassifications

Certain amounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.