



RIO GRANDE BIBLE INSTITUTE, INC.

Financial Statements
With Independent Auditors' Report

June 30, 2024 and 2023

RIO GRANDE BIBLE INSTITUTE, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses–2024	6
Statement of Functional Expenses–2023	7
Statements of Cash Flows	8
Notes to Financial Statements	10

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rio Grande Bible Institute, Inc.
Edinburg, Texas

Opinion

We have audited the accompanying financial statements of Rio Grande Bible Institute, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Rio Grande Bible Institute, Inc. as of June 30, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Rio Grande Bible Institute, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Rio Grande Bible Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Trustees
Rio Grande Bible Institute, Inc.
Edinburg, Texas

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 auditors' 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 Rio Grande Bible Institute, 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 Rio Grande Bible Institute, 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.

Capin Crouse LLP

Irving, Texas
September 17, 2024

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 487,509	\$ 381,071
Investments	2,303,083	2,162,758
Investments held for capital projects	35,188	57,590
Accounts receivable (net of allowance of \$20,780 and \$26,310, respectively)	83,791	99,563
Prepaid expenses	43,125	70,380
Inventory	392,592	3,907
Operating lease—right of use asset	15,654	26,682
Finance lease—right of use asset	616,447	646,889
Property and equipment—net	10,338,025	8,296,127
Radio broadcast licenses	1,272,054	1,272,054
Investments held for endowment:		
Investments without donor restriction for endowment	2,007,810	1,839,706
Investments with donor restriction for endowment	670,994	585,758
Total Assets	\$ 18,266,272	\$ 15,442,485
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 220,828	\$ 333,609
Deferred income and deposits	112,346	74,489
Operating lease obligation	16,390	27,592
Finance lease obligation	665,706	679,378
Note payable	271,792	10,000
Life use property agreements	427,050	494,109
Annuities payable	536,676	589,718
Total liabilities	2,250,788	2,208,895
Net assets:		
Net assets without donor restrictions:		
Undesignated	12,300,973	10,013,661
Board-designated	2,007,810	1,839,706
	14,308,783	11,853,367
Net assets with donor restrictions:		
Restricted by purpose or time	1,113,701	830,223
Restricted in perpetuity	593,000	550,000
	1,706,701	1,380,223
Total net assets	16,015,484	13,233,590
Total Liabilities and Net Assets	\$ 18,266,272	\$ 15,442,485

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Activities

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:						
General fund financial assets contributions	\$ 673,056	\$ -	\$ 673,056	\$ 502,652	\$ -	\$ 502,652
Contributions of nonfinancial assets	2,305,700	-	2,305,700	259,400	-	259,400
Contributed services	1,766,749	-	1,766,749	1,796,274	-	1,796,274
Radio Esperanza	-	457,405	457,405	-	377,563	377,563
Missionary support	-	1,331,587	1,331,587	-	1,305,843	1,305,843
Special projects and scholarships	-	663,090	663,090	-	402,346	402,346
Bibleville and conference center	-	124,142	124,142	-	96,667	96,667
	<u>4,745,505</u>	<u>2,576,224</u>	<u>7,321,729</u>	<u>2,558,326</u>	<u>2,182,419</u>	<u>4,740,745</u>
REVENUE:						
Tuition and fees–net	797,985	-	797,985	863,975	-	863,975
Other program fees	224,479	-	224,479	215,833	-	215,833
Investment return–net	308,466	78,806	387,272	232,260	47,254	279,514
Campus sales	80,906	-	80,906	114,562	-	114,562
Change in value of annuities	77,685	-	77,685	40,736	-	40,736
Loss on sale of property and equipment	(76,918)	-	(76,918)	(14,500)	-	(14,500)
Other income	169,333	-	169,333	154,072	-	154,072
	<u>1,581,936</u>	<u>78,806</u>	<u>1,660,742</u>	<u>1,606,938</u>	<u>47,254</u>	<u>1,654,192</u>
Total Support and Revenue	<u>6,327,441</u>	<u>2,655,030</u>	<u>8,982,471</u>	<u>4,165,264</u>	<u>2,229,673</u>	<u>6,394,937</u>

(continued)

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Activities (continued)

	Year Ended June 30,					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
RECLASSIFICATIONS:						
Purpose restrictions	2,095,825	(2,095,825)	-	2,650,291	(2,650,291)	-
Administrative assessments	232,727	(232,727)	-	203,486	(203,486)	-
	2,328,552	(2,328,552)	-	2,853,777	(2,853,777)	-
EXPENSES:						
Program services:						
Bible College	3,590,974	-	3,590,974	3,539,227	-	3,539,227
Radio Esperanza	657,310	-	657,310	784,738	-	784,738
Bibleville ministry	445,812	-	445,812	428,726	-	428,726
	4,694,096	-	4,694,096	4,752,691	-	4,752,691
Supporting activities:						
General and administrative	1,189,527	-	1,189,527	1,161,628	-	1,161,628
Fundraising	316,954	-	316,954	376,413	-	376,413
	1,506,481	-	1,506,481	1,538,041	-	1,538,041
Total Expenses	6,200,577	-	6,200,577	6,290,732	-	6,290,732
Change in Net Assets	2,455,416	326,478	2,781,894	728,309	(624,104)	104,205
Net Assets, Beginning of Year	11,853,367	1,380,223	13,233,590	11,125,058	2,004,327	13,129,385
Net Assets, End of Year	\$ 14,308,783	\$ 1,706,701	\$ 16,015,484	\$ 11,853,367	\$ 1,380,223	\$ 13,233,590

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services				Supporting Activities		Total Expenses
	Bible College	Radio Esperanza	Bibleville Ministry	Total	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,251,792	\$ 247,863	\$ 47,501	\$ 1,547,156	\$ 295,980	\$ 218,339	\$ 2,061,475
Volunteer labor	1,117,755	26,250	119,538	1,263,543	307,130	-	1,570,673
Depreciation and amortization	310,096	77,351	52,842	440,289	137,979	26,975	605,243
Travel and conferences	253,437	37,424	5,202	296,063	44,963	20,545	361,571
Utilities	159,530	64,995	40,231	264,756	52,909	10,880	328,545
Repairs and maintenance	183,292	53,290	86,449	323,031	23,234	2,627	348,892
Miscellaneous or other	23,520	41,305	8,850	73,675	107,261	598	181,534
Honorariums	27,433	50,312	33,646	111,391	1,780	1,000	114,171
Printing and postage	32,918	15,076	11,283	59,277	31,445	22,537	113,259
Office expense and supplies	47,544	9,335	16,653	73,532	62,138	5,078	140,748
Professional fees	49,252	3,362	-	52,614	54,570	-	107,184
Insurance	34,434	14,473	23,428	72,335	37,168	2,157	111,660
Internet, software, and technology	41,610	2,205	89	43,904	23,551	6,154	73,609
Cost of goods sold	34,147	-	-	34,147	-	-	34,147
Subscriptions and membership	24,214	14,069	100	38,383	9,419	64	47,866
Total expenses	\$ 3,590,974	\$ 657,310	\$ 445,812	\$ 4,694,096	\$ 1,189,527	\$ 316,954	\$ 6,200,577

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Activities		Total Expenses
	Bible College	Radio Esperanza	Bibleville Ministry	Total	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,180,589	\$ 343,209	\$ 34,206	\$ 1,558,004	\$ 275,020	\$ 256,064	\$ 2,089,088
Volunteer labor	1,187,843	33,462	119,538	1,340,843	307,130	-	1,647,973
Depreciation and amortization	274,513	76,863	61,860	413,236	120,706	27,384	561,326
Travel and conferences	233,630	35,225	7,365	276,220	54,405	32,605	363,230
Utilities	137,735	59,597	52,826	250,158	57,355	10,167	317,680
Repairs and maintenance	239,124	81,913	55,651	376,688	30,940	4,975	412,603
Miscellaneous or other	16,212	48,518	8,419	73,149	103,170	2,578	178,897
Honorariums	50,067	24,172	36,645	110,884	3,070	1,020	114,974
Printing and postage	34,484	18,537	6,366	59,387	31,113	31,951	122,451
Office expense and supplies	33,813	4,854	24,969	63,636	53,530	4,024	121,190
Professional fees	21,999	4,436	740	27,175	52,564	7	79,746
Insurance	29,857	11,109	18,195	59,161	15,726	1,168	76,055
Internet, software, and technology	27,962	-	-	27,962	14,548	4,470	46,980
Cost of goods sold	39,975	-	-	39,975	23,999	-	63,974
Subscriptions and membership	31,424	42,843	1,946	76,213	18,352	-	94,565
Total expenses	\$ 3,539,227	\$ 784,738	\$ 428,726	\$ 4,752,691	\$ 1,161,628	\$ 376,413	\$ 6,290,732

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,781,894	\$ 104,205
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	605,243	561,326
Non-cash effect of change in accounting principle	-	15,319
Capitalized contributed services	(196,076)	(148,300)
Donated property and equipment	(2,305,700)	(259,400)
Contributions restricted for capital projects	(1,789)	(75,296)
Contributions restricted for endowment	(43,000)	(10,000)
Maturities of charitable gift annuities	(4,825)	(32,379)
Charitable gift annuity actuarial change	(48,217)	(22,995)
Forgiveness of note payable	-	(10,000)
Loss on sale of property and equipment	76,918	14,500
Net realized and unrealized gains on investments	(302,745)	(146,840)
Changes in operating assets and liabilities:		
Accounts receivable	15,772	(48,769)
Prepaid expenses	27,255	(52,707)
Inventory	(410)	3,673
Operating lease	(174)	-
Accounts payable and accrued expenses	(69,072)	2,888
Deferred income and deposits	37,857	1,049
Life use property agreements	(67,059)	(66,456)
Net Cash Provided (Used) by Operating Activities	505,872	(170,182)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(483,746)	(983,930)
Sales of investments	415,228	2,055,664
Sales of investments for charitable gift annuity payments	62,586	68,516
Purchases of property and equipment	(235,550)	(1,109,252)
Proceeds from sale of property and equipment	-	6,357
Net Cash Provided (Used) by Investing Activities	(241,482)	37,355
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on finance lease	(13,672)	(12,362)
Principal payments on note payable	(126,483)	-
Contributions restricted for capital projects	1,789	75,296
Contributions restricted for endowment	43,000	10,000
Payments to annuitants	(62,586)	(68,516)
Net Cash Provided (Used) by Financing Activities	(157,952)	4,418
Net Change in Cash and Cash Equivalents	106,438	(128,409)
Cash and Cash Equivalents, Beginning of Year	381,071	509,480
Cash and Cash Equivalents, End of Year	\$ 487,509	\$ 381,071

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Cash Flows

(continued)

	Year Ended June 30,	
	2024	2023
SUPPLEMENTAL DISCLOSURES:		
Noncash forgiveness of note payable	\$ -	\$ 10,000
Inventory acquired via note payable	\$ 388,275	\$ -
Property and equipment acquired via accounts payable	\$ -	\$ 43,709
Right-of-use asset obtained in exchange for operating lease obligation	\$ -	\$ 37,692
Right-of-use asset obtained in exchange for finance lease obligation	\$ -	\$ 677,331
Interest paid related to finance lease	\$ 13,622	\$ 13,882

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

1. NATURE OF ORGANIZATION:

Rio Grande Bible Institute, Inc. (the Ministry) was established in Edinburg, Texas and incorporated in the State of Texas as a not-for-profit corporation in July 1947.

Rio Grande Bible Institute, Inc. exists to develop Christ-centered leaders with a biblical worldview for the global church. It operates a Bible College, a Spanish language school, three radio stations, a Bible conference center, and other media ministries. Rio Grande Bible Institute, Inc. (the Ministry) operates these ministries under several assumed names including: RGBI, Instituto Biblico Rio Grande, Seminario Biblico Rio Grande, Rio Grande Bible College, Radio Esperanza, Bibleville, Renacer, Koinonia, and Rio Grande Bible Ministries.

The Ministry received accreditation from the Association for Biblical Higher Education in February 1999. In October 2008, the Texas Higher Education Coordinating Board authorized Rio Grande Bible Institute, Inc. to grant degrees, grant credits toward degrees, and to use certain protected academic terms in the State of Texas.

The Ministry is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation under section 509(a) of the code. The primary sources of revenue for the Ministry are contributions and tuition revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and saving accounts. These accounts may, at times, exceed federally insured limits. As of June 30, 2024 and 2023, the Ministry had \$179,249 and \$63,285 of cash balances that exceeded federally insured limits, respectively.

INVESTMENTS

The Ministry's investments consist of mutual funds held at fair value. Donated investments are recorded at fair value at the date of donation and thereafter carried in conformity with the stated policy. The fair value of mutual funds and exchange traded funds is based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the *Fair Value* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Investment income consists of income from interest and dividends as well as realized and unrealized gains and losses on investments. Investment income is reported in the statements of activities.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS HELD FOR CAPITAL PROJECTS

Contributions received that are restricted by donors for expenditures related to capital projects have been segregated from investments and shown in this category. The amounts for this purpose have also been recorded in net assets with donor restrictions.

ACCOUNTS RECEIVABLE—NET

The Ministry's accounts receivable are primarily due from students and are recorded at estimated net realizable value. Accounts are due at the end of the semester and students whose accounts are not current are not allowed to enroll in classes without special approval from the finance office. Student accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Ministry separates accounts receivable into risk pools based on their aging. In determining the amount of the allowance as of the statements of financial position date, the Ministry develops a loss rate for each risk pool. The loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions. As of June 30, 2024, the Ministry did not feel the need to increase its historical loss rate for each aging category based on its internal analysis.

INVENTORY

Inventory is stated at the lower of cost or net realizable value. Inventory consists primarily of user licenses to a Logos bible software package. The user licenses are purchased and maintained by the Ministry as inventory. Enrolled students will be given access to the licenses. At graduation, students will be given the option to purchase the license, at which time it is removed from inventory.

OPERATING AND FINANCING LEASE—RIGHT OF USE ASSETS AND OBLIGATIONS

Right of use assets represent the Ministry's right to use the underlying asset for the lease term. Right of use assets and related obligations are recognized at commencement date based on the net present value of lease payments over the lease term discounted using a risk-free rate. Another expedient includes accounting for lease and non-lease components as a single lease component. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise the option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The additional lease disclosures can be found in Note 13.

PROPERTY AND EQUIPMENT—NET

Property and equipment purchased with a cost in excess of \$2,500 are capitalized at cost or, if donated, at fair value at the date of the gift. Depreciation is calculated using the straight-line method over estimated useful lives, ranging from 3 to 30 years.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RADIO BROADCAST LICENSES

Radio broadcast licenses consist of the licenses for the non-commercial radio stations, KRIO (AM), KOIR (FM), KRIO-FM, and KESO-FM located in Southeast, Texas and are recorded at cost. The Ministry has determined the licenses have indefinite lives, as renewing the licenses does not carry any specific requirements, therefore they are not amortized. The Ministry tests the licenses on an annual basis for impairment as no amortization is being recorded. Management has evaluated the radio broadcast licenses for impairment and no impairment was identified as of June 30, 2024 and 2023.

DEFERRED INCOME AND DEPOSITS

Deferred income consists of tuition and fees paid to the Ministry prior to services being rendered. Deferred income also consists of other program fees related to Bibleville maintenance fees paid to the Ministry prior to the fees being earned. Deposits consist of refundable security deposits for students and staff members living in campus housing.

The beginning and ending contract balances were as follows for the years ending June 30, 2024 and 2023.

	<u>July 1, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2024</u>
Receivables, net	<u>\$ 50,794</u>	<u>\$ 99,563</u>	<u>\$ 83,791</u>
Deferred income and deposits	<u>\$ 73,440</u>	<u>\$ 74,489</u>	<u>\$ 112,346</u>

Substantially all of the contract liability balance at fiscal year end is recognized as revenue the following year.

LIFE USE PROPERTY AGREEMENTS

The Ministry leases the use of Bibleville and Rosehaven camper lots and other properties to various occupants for that person's lifetime. The occupants pay a contract amount at the inception of the agreement, and the agreement terminates at the time of the occupant's death. The Ministry records these payments as lifetime agreement liabilities at the time the individual pays for their lease. Revenue is recognized over the term of the agreement based on actuarial tables of the life expectancy of each individual.

ANNUITIES PAYABLE

The Ministry has established a gift annuity program whereby donors may contribute assets for the right to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution for income tax purposes. This portion is calculated as the difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, and is recognized as contribution income without donor restrictions at the date of the gift. Upon the death of the annuitant, income distributions cease. The actuarial liability for annuities payable is calculated annually using mortality tables adopted by the IRS at an assumed rate of return of 4.75%. The resulting actuarial gain or loss is recorded as a component of change in value of annuities in the statements of activities.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those currently available for general operations under the direction of the board, those designated by the board for specific use and those resources invested in property and equipment.

Net assets with donor restrictions are those which are stipulated by donors for specific operating purposes or programs, those with time restrictions, those for the acquisition of property and equipment, unspent endowment earnings, or those not currently available for use in the Ministry's operations until commitments regarding their use have been fulfilled. These also include donor restrictions requiring the net assets be held in perpetuity as endowments.

All contributions are considered available for general use unless specifically restricted by the donor.

SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash or other assets are received or unconditionally promised. Revenues from the life use property agreements are reported as other program fees and other income over the life of the occupant. Tuition and fees include housing and other services provided to students for a fee. Scholarships awarded to students reduce the amount of revenue recognized. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed the student. Financial aid provided to students was \$188,365 and \$134,731 during the years ended June 30, 2024 and 2023, respectively. Tuition and fees are recognized as the performance obligation is met, which could incur deferred revenues for a performance obligation period that spans year-end.

The Ministry reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Ministry reports gifts of property and equipment as general operating support unless explicit donor stipulations specify how the donated assets must be used. Administrative assessments are included in reclassifications and are 10% of the amount given, depending on the type of gift. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS OF NONFINANCIAL ASSETS AND CONTRIBUTED SERVICES

Donations of material, equipment, and other non-financial assets are recorded as support at their estimated fair value as of the date of donation. Contributions of services are recognized at fair market value if the services received create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. The Ministry would typically need to purchase these specialized services if the services were not donated. Services not satisfying the recognition criteria are not recognized. Contributed nonfinancial assets and services recognized within the statements of activities consist of:

	Year Ended June 30,	
	2024	2023
Services	\$ 1,766,749	\$ 1,796,274
Real property	2,176,000	-
Library books	75,000	259,400
Equipment and vehicles	54,700	-
	<u>\$ 4,072,449</u>	<u>\$ 2,055,674</u>

All of the contributed nonfinancial assets and services were received without donor-imposed restrictions.

The Ministry receives contributed services for teaching, administrative functions, and construction. During the year ended June 30, 2024, the Ministry recorded \$1,766,749 of contributed services, of which \$196,076 was capitalized. During the year ended June 30, 2023, the Ministry recorded \$1,796,274 of contributed services, of which \$148,300 was capitalized. Contributed services are valued at the estimated fair value based on current rates for similar services.

The Ministry received a donation of library books during the year ended June 30, 2023, for use by the Ministry in the course of its operations. The fair value of these books were estimated based on an independent appraisal, which took into account the condition and material of each book (hard cover or soft cover).

In June 2024, after months of prayer and a visit to Hot Springs, South Dakota, the Ministry accepted a grant of assets from Cornerstone Bible Institute. The Ministry plans to use these assets to establish an extension of the Ministry in English, serving the surrounding area and northern plains communities. Additionally, the Ministry aims to provide its Spanish students from Texas with practical ministry experience and opportunities to learn English in the northern USA. Of the total \$2,305,700 granted to the Ministry, \$2,176,000 was real property, \$75,000 was library books, and \$54,700 was equipment and a vehicle. The fair value of the property was estimated based on an independent appraisal. The fair value of the library books was estimated using the independent appraisal that was obtained during the year ended June 30, 2023, (as noted above) as a guide to determine the average price of a softcover vs. hardcover book. The fair value of the equipment and vehicle was determine by researching comparable assets for sale in the marketplace.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities benefited. Depreciation is allocated based on usage, and costs of other categories are allocated on estimates of time and effort.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Ministry that are subject to the guidance in FASB ASC 326 are student accounts receivable. The Ministry adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

3. LIQUIDITY AND FINANCIAL RESOURCES:

The following reflects the Ministry's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year:

	June 30,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 487,509	\$ 381,071
Investments	2,303,083	2,162,758
Investments held for capital projects	35,188	57,590
Accounts receivable—net	83,791	99,563
Investments held for endowment:		
Investments without donor restriction for endowment	2,007,810	1,839,706
Investments with donor restriction for endowment	670,994	585,758
Financial assets, at year-end	5,588,375	5,126,446
Less those not available for general expenditure within one year:		
Investments held in annuity reserves	(912,977)	(888,334)
Investments restricted for capital projects	(35,188)	(57,590)
Board-designated	(2,007,810)	(1,839,706)
Perpetual endowment and accumulated earnings, subject to appropriation beyond one year	(670,994)	(585,758)
	(3,626,969)	(3,371,388)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,961,406	\$ 1,755,058

As part of the Ministry'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. As of June 30, 2024 and 2023, the Ministry has \$379,218 and \$308,415, respectively, in net assets with donor restrictions for missionary support, and \$621,301 and \$428,460 in net assets with donor restrictions for other projects, respectively. These funds are considered available to meet needs for general expenditures within one year. Additionally, as of June 30, 2024 and 2023, the Ministry also has \$2,007,810 and \$1,839,706, respectively, of board-designated funds that could be used to fund operations if needed and released by the board.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

4. INVESTMENTS:

Investments consist of:

	June 30,	
	2024	2023
Exchange traded funds, at fair value	\$ 1,651,749	\$ 1,622,447
Mutual funds, at fair value	3,221,706	2,932,264
	4,873,455	4,554,711
Cash and cash equivalents, at cost	143,620	91,101
	<u>\$ 5,017,075</u>	<u>\$ 4,645,812</u>

	June 30,	
	2024	2023
Investments consist of:		
Other invested assets	\$ 4,104,098	\$ 3,757,478
Annuity investments, including reserves	912,977	888,334
	<u>\$ 5,017,075</u>	<u>\$ 4,645,812</u>

5. ACCOUNTS RECEIVABLE–NET:

Accounts receivable–net consist of:

	June 30,	
	2024	2023
Student receivables	\$ 95,806	\$ 114,950
Other receivables	8,765	10,923
	104,571	125,873
Less allowance for doubtful accounts	(20,780)	(26,310)
	<u>\$ 83,791</u>	<u>\$ 99,563</u>

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2024	2023
Land	\$ 926,462	\$ 851,462
Land improvements	3,656,435	3,386,478
Building and building improvements	13,558,363	10,427,076
Furniture, fixtures, and books	718,701	623,578
Equipment and vehicles	1,929,787	1,846,715
	20,789,748	17,135,309
Less accumulated depreciation	(10,451,723)	(9,956,905)
	10,338,025	7,178,404
Construction in progress	-	1,117,723
	\$ 10,338,025	\$ 8,296,127

7. NOTE PAYABLE:

During the year ended June 30, 2021, the Ministry received a \$40,000 loan from a board member, to be used to provide advances to missionaries for medical purposes. The loan was payable upon a 90-day demand and was non-interest bearing. If the lender recalled the loan and payments were not being made, a 5% interest rate would go into effect. The Ministry determined that any imputed interest on the loan would be immaterial overall to the financial statements. During the year ended June 30, 2024, \$10,000 of the principal amount was donated to the Ministry, therefore, reducing the loan balance to \$0.

During the year ended June 30, 2024, the Ministry entered into an agreement with Faithlife, LLC to purchase Logos bible software licenses at a purchase price of \$388,275. \$116,483 was paid upon signing the agreement, and bi-annual installment totaling \$30,199 are due beginning on July 31, 2024, until the note is paid in full on July 31, 2028. There is no stated interest rate, and the Ministry determined that any imputed interest on the note would be immaterial overall to the financial statements. Future minimum payments are as follows:

<u>Year Ended June 30,</u>	
2025	\$ 60,398
2026	60,398
2027	60,398
2028	60,398
2029	30,200
	\$ 271,792

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

8. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of:

	June 30,	
	2024	2023
Operating	\$ 385,101	\$ 172,814
Radio Esperanza	113,147	106,251
Bibleville	192,646	166,415
Equity in property and equipment and radio broadcast licenses	11,610,079	9,568,181
Board-designated quasi endowment–capital projects	2,007,810	1,839,706
	\$ 14,308,783	\$ 11,853,367

The Ministry’s governing board through specific action has created self-imposed limits on net assets without donor restrictions. The board has set aside \$2,007,810 and \$1,839,706 as of June 30, 2024 and 2023, respectively, in a quasi endowment fund for capital projects. These net assets can be drawn upon if the board approves such action.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2024	2023
Subject to expenditure for specified purposes:		
Special projects and funds	\$ 484,388	\$ 361,245
Missionary support	379,218	308,415
Capital projects	35,188	57,590
Student work and tuition scholarships	136,913	67,215
	1,035,707	794,465
Subject to the Ministry’s spending policy and appropriations:		
Unappropriated endowment income	77,994	35,758
Endowed scholarship	593,000	550,000
	670,994	585,758
	\$ 1,706,701	\$ 1,380,223

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. ENDOWMENT FUNDS:

During the years ended June 30, 2024 and 2023, the Ministry maintained one donor endowed fund for scholarships. During the year ended June 30, 2020, the board redirected and redesignated all board-designated net assets as a quasi-endowment for capital projects. As required by generally accepted accounting principles in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the Ministry has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Ministry classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Ministry in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Ministry considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Ministry and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Ministry
7. The investment policies of the Ministry

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. ENDOWMENT FUNDS, continued:

The endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Board-designated	\$ 2,007,810	\$ -	\$ -	\$ -	\$ 2,007,810
Donor-restricted funds	-	593,000	77,994	670,994	670,994
	\$ 2,007,810	\$ 593,000	\$ 77,994	\$ 670,994	\$ 2,678,804

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets, June 30, 2023	\$ 1,839,706	\$ 550,000	\$ 35,758	\$ 585,758	\$ 2,425,464
Contributions	-	43,000	-	43,000	43,000
Transfer	190,658	-	-	-	190,658
Investment return	65,667	-	78,806	78,806	144,473
Appropriation of endowment funds	(88,221)	-	(36,570)	(36,570)	(124,791)
Endowment net assets, June 30, 2024	\$ 2,007,810	\$ 593,000	\$ 77,994	\$ 670,994	\$ 2,678,804

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. ENDOWMENT FUNDS, continued:

The endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Board-designated	\$ 1,839,706	\$ -	\$ -	\$ -	\$ 1,839,706
Donor-restricted funds	-	550,000	35,758	585,758	585,758
	<u>\$ 1,839,706</u>	<u>\$ 550,000</u>	<u>\$ 35,758</u>	<u>\$ 585,758</u>	<u>\$ 2,425,464</u>

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets, June 30, 2022	\$ 2,111,611	\$ 540,000	\$ 21,649	\$ 561,649	\$ 2,673,260
Contributions	-	10,000	-	10,000	10,000
Transfer	131,018	-	-	-	131,018
Investment return	(223,252)	-	47,254	47,254	(175,998)
Appropriation of endowment funds	(179,671)	-	(33,145)	(33,145)	(212,816)
Endowment net assets, June 30, 2023	<u>\$ 1,839,706</u>	<u>\$ 550,000</u>	<u>\$ 35,758</u>	<u>\$ 585,758</u>	<u>\$ 2,425,464</u>

Return objectives and risk parameters: The Ministry has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Ministry must hold in perpetuity. Under this policy, as approved by the board, the endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distribution sufficient to provide for expenses associated with the various restricted purposes, while growing the funds if possible. Investment risk is measured in terms of total endowment fund. Investment assets and allocation between asset classes and strategies are managed so as not to expose the fund to unacceptable levels of risk.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

10. ENDOWMENT FUNDS, continued:

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Ministry relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Ministry targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy: The Ministry has a policy of appropriating 5% of the restricted endowment balance each year. The donor-restricted endowment is for appropriated for scholarships, per the donor agreement while the appropriation from the endowment without donor restrictions is used where needed most.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires the Ministry to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024 and 2023.

11. CHANGE IN VALUE OF ANNUITIES:

Change in value of annuities consist of:

	<u>Year Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Investment return, net	\$ 87,229	\$ 53,878
Actuarial change	48,217	22,995
Liability portion of matured agreements	4,825	32,379
Annuity payments	<u>(62,586)</u>	<u>(68,516)</u>
	<u>\$ 77,685</u>	<u>\$ 40,736</u>

12. SCHOLARSHIPS AND TUITION DISCOUNTS:

Scholarships and tuition discounts consist of:

	<u>Year Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Gross tuition revenue	\$ 986,350	\$ 998,706
Funded by gifts and endowment income	<u>(188,365)</u>	<u>(134,731)</u>
	<u>\$ 797,985</u>	<u>\$ 863,975</u>

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

13. OPERATING AND FINANCING LEASE—RIGHT OF USE ASSETS AND OBLIGATIONS:

The Ministry has a finance lease for a radio tower with an initial expiration date through March 2029, with three optional 5-year renewal period (which the Ministry is reasonably certain to exercise and is included in the initial measurement of the lease liability). Monthly lease payments are fixed at an initial amount of \$6,246 per quarter, and increase at an annual rate of 4%. The Ministry also has an operating lease for copiers with an expiration date through December 2025. Monthly lease payments are fixed at an initial amount of \$877 per month, and increase at an annual rate of 2.5%. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the leases. Short-term leases with a term of 12 or fewer months are not reflected on the statements of financial position, and costs are expensed as incurred.

	June 30,	
	2024	2023
Operating lease—right of use asset	\$ 15,654	\$ 26,682
Operating lease obligation	\$ 16,390	\$ 27,592
Finance lease—right of use asset	\$ 616,447	\$ 646,889
Finance lease obligation	\$ 665,706	\$ 679,378
Lease costs:		
Operating lease	\$ 11,064	\$ 11,064
Finance lease:		
Amortization of right of use asset	\$ 30,442	\$ 30,442
Interest on lease obligation	\$ 13,622	\$ 13,882
Cash paid for amounts included in the measurement of lease liabilities:		
Operating lease	\$ 11,238	\$ 10,964
Finance lease	\$ 27,294	\$ 26,244
Weighted-average discount rate:		
Operating lease	0.16%	0.16%
Finance lease	2.02%	2.02%
Weighted-average remaining lease term:		
Operating lease	1.42 years	2.42 years
Finance lease	19.75 years	20.75 years

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2024 and 2023

13. OPERATING AND FINANCING LEASE—RIGHT OF USE ASSETS AND OBLIGATIONS, continued:

Future minimum lease payments required under operating and finance leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ended June 30,</u>	<u>Finance Amounts</u>	<u>Operating Amounts</u>
2025	\$ 28,386	\$ 11,519
2026	29,521	4,891
2027	30,702	-
2028	31,930	-
2029	33,207	-
Thereafter	676,131	-
	<u>829,877</u>	<u>16,410</u>
Less imputed interest	<u>(164,171)</u>	<u>(20)</u>
	<u>\$ 665,706</u>	<u>\$ 16,390</u>

14. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 17, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.