



RIO GRANDE BIBLE INSTITUTE, INC.

Financial Statements
With Independent Auditor's Report

June 30, 2025 and 2024

RIO GRANDE BIBLE INSTITUTE, INC.

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INDEPENDENT AUDITOR'S 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, 2025 and 2024, 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, 2025 and 2024, 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 *Auditor's 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

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 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 LLC

Irving, Texas
September 17, 2025

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Financial Position

	June 30,	
	2025	2024
ASSETS:		
Cash and cash equivalents	\$ 830,536	\$ 487,509
Investments	2,252,115	2,303,083
Investments held for capital projects	54,843	35,188
Accounts receivable (net of allowance of \$22,475 and \$20,780, respectively)	72,987	83,791
Prepaid expenses	78,391	43,125
Inventory	394,791	392,592
Operating lease–right of use asset	4,608	15,654
Finance lease–right of use asset	586,005	616,447
Property and equipment–net	10,146,775	10,338,025
Radio broadcast licenses	1,272,054	1,272,054
Investments held in trust	426,344	-
Investments held for endowment:		
Investments without donor restriction for endowment	2,827,306	2,007,810
Investments with donor restriction for endowment	696,883	670,994
	<u>\$ 19,643,638</u>	<u>\$ 18,266,272</u>
Total Assets	<u>\$ 19,643,638</u>	<u>\$ 18,266,272</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 304,761	\$ 220,828
Performance obligation liabilities	119,014	112,346
Operating lease obligation	4,889	16,390
Finance lease obligation	650,656	665,706
Note payable	211,394	271,792
Life use property agreements	381,573	427,050
Trust liability	378,938	-
Annuities payable	408,025	536,676
Total liabilities	<u>2,459,250</u>	<u>2,250,788</u>
Net assets:		
Net assets without donor restrictions:		
Undesignated	12,364,215	12,300,973
Board-designated	2,827,306	2,007,810
	<u>15,191,521</u>	<u>14,308,783</u>
Net assets with donor restrictions:		
Restricted by purpose or time	1,398,367	1,113,701
Restricted in perpetuity	594,500	593,000
	<u>1,992,867</u>	<u>1,706,701</u>
Total net assets	<u>17,184,388</u>	<u>16,015,484</u>
Total Liabilities and Net Assets	<u>\$ 19,643,638</u>	<u>\$ 18,266,272</u>

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Activities

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:						
Contributions of financial assets	\$ 561,702	\$ 49,908	\$ 611,610	\$ 673,056	\$ -	\$ 673,056
Contributions of nonfinancial assets	-	-	-	2,305,700	-	2,305,700
Contributed services	1,889,035	-	1,889,035	1,766,749	-	1,766,749
Radio Esperanza	-	411,223	411,223	-	457,405	457,405
Missionary support	-	1,336,597	1,336,597	-	1,331,587	1,331,587
Special projects and scholarships	-	525,864	525,864	-	663,090	663,090
Bibleville and conference center	-	84,067	84,067	-	124,142	124,142
	<u>2,450,737</u>	<u>2,407,659</u>	<u>4,858,396</u>	<u>4,745,505</u>	<u>2,576,224</u>	<u>7,321,729</u>
REVENUE:						
Tuition and fees–net	881,030	-	881,030	797,985	-	797,985
Government funds	744,690	-	744,690	-	-	-
Other program fees	217,280	-	217,280	224,479	-	224,479
Investment return–net	430,325	63,809	494,134	308,466	78,806	387,272
Campus sales	76,624	-	76,624	80,906	-	80,906
Change in value of annuities and trusts	161,644	(2,502)	159,142	77,685	-	77,685
Gain (loss) on sale of property and equipment	35,187	-	35,187	(76,918)	-	(76,918)
Other income	49,178	-	49,178	169,333	-	169,333
	<u>2,595,958</u>	<u>61,307</u>	<u>2,657,265</u>	<u>1,581,936</u>	<u>78,806</u>	<u>1,660,742</u>
Total Support and Revenue	<u>5,046,695</u>	<u>2,468,966</u>	<u>7,515,661</u>	<u>6,327,441</u>	<u>2,655,030</u>	<u>8,982,471</u>

(continued)

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Activities (continued)

	Year Ended June 30,					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
RECLASSIFICATIONS:						
Purpose restrictions	1,983,707	(1,983,707)	-	2,095,825	(2,095,825)	-
Administrative assessments	199,093	(199,093)	-	232,727	(232,727)	-
	2,182,800	(2,182,800)	-	2,328,552	(2,328,552)	-
EXPENSES:						
Program services:						
Bible College	4,002,090	-	4,002,090	3,590,974	-	3,590,974
Radio Esperanza	646,639	-	646,639	657,310	-	657,310
Bibleville Ministry	398,836	-	398,836	445,812	-	445,812
	5,047,565	-	5,047,565	4,694,096	-	4,694,096
Supporting activities:						
General and Administrative	992,861	-	992,861	1,189,527	-	1,189,527
Fundraising	306,331	-	306,331	316,954	-	316,954
	1,299,192	-	1,299,192	1,506,481	-	1,506,481
Total Expenses	6,346,757	-	6,346,757	6,200,577	-	6,200,577
Change in Net Assets	882,738	286,166	1,168,904	2,455,416	326,478	2,781,894
Net Assets, Beginning of Year	14,308,783	1,706,701	16,015,484	11,853,367	1,380,223	13,233,590
Net Assets, End of Year	\$ 15,191,521	\$ 1,992,867	\$ 17,184,388	\$ 14,308,783	\$ 1,706,701	\$ 16,015,484

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services				Supporting Activities		Total Expenses
	Bible College	Radio Esperanza	Bibleville Ministry	Total	General and Administrative	Fundraising	
Salaries and benefits	\$ 1,345,732	\$ 237,991	\$ 37,116	\$ 1,620,839	\$ 179,368	\$ 209,851	\$ 2,010,058
Volunteer labor	1,226,812	49,500	89,654	1,365,966	397,161	-	1,763,127
Depreciation and amortization	533,003	69,442	51,275	653,720	82,123	27,152	762,995
Travel and conferences	231,919	33,354	8,737	274,010	32,495	17,942	324,447
Utilities	166,608	57,497	61,650	285,755	52,382	8,946	347,083
Repairs and maintenance	139,560	62,787	40,452	242,799	21,661	2,112	266,572
Miscellaneous or other	14,301	21,873	8,355	44,529	7,914	3,058	55,501
Honorariums	40,887	32,242	35,570	108,699	3,373	-	112,072
Printing and postage	41,675	28,862	17,248	87,785	9,108	27,208	124,101
Office expense and supplies	91,358	21,911	19,813	133,082	109,861	2,438	245,381
Professional fees	19,797	989	100	20,886	42,037	1,100	64,023
Insurance	53,110	16,367	27,495	96,972	17,667	2,157	116,796
Internet, software, and technology	55,941	2,359	830	59,130	18,956	4,313	82,399
Cost of goods sold	12,863	-	-	12,863	-	-	12,863
Subscriptions and membership	28,524	11,465	541	40,530	18,755	54	59,339
Total expenses	\$ 4,002,090	\$ 646,639	\$ 398,836	\$ 5,047,565	\$ 992,861	\$ 306,331	\$ 6,346,757

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	18,311	27,683	8,850	54,844	36,194	598	91,636
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	52,753	22,957	16,653	92,363	133,205	5,078	230,646
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.

Statements of Cash Flows

	Year Ended June 30,	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,168,904	\$ 2,781,894
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	762,995	605,243
Capitalized contributed services	(125,908)	(196,076)
Donated property and equipment	-	(2,305,700)
Contributions restricted for capital projects	(76,497)	(1,789)
Contributions restricted for endowment	(1,500)	(43,000)
Maturities of charitable gift annuities	(40,284)	(4,825)
Change in value of charitable trusts	2,502	-
Charitable gift annuity actuarial change	(96,682)	(48,217)
Gain (loss) on sale of property and equipment	(35,187)	76,918
Net realized and unrealized gains on investments	(364,769)	(302,745)
Changes in operating assets and liabilities:		
Accounts receivable	10,804	15,772
Prepaid expenses	(35,266)	27,255
Inventory	(2,199)	(410)
Operating lease assets and obligations	(455)	(174)
Accounts payable and accrued expenses	83,933	(69,072)
Deferred income and deposits	6,668	37,857
Life use property agreements	(45,477)	(67,059)
Net Cash Provided by Operating Activities	1,211,582	505,872
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,025,845)	(483,746)
Sales of investments	150,198	415,228
Sales of investments for charitable gift annuity payments	62,783	62,586
Purchases of property and equipment	(415,395)	(235,550)
Proceeds from sale of property and equipment	35,187	-
Net Cash Used by Investing Activities	(1,193,072)	(241,482)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on finance lease	(15,050)	(13,672)
Principal payments on note payable	(60,398)	(126,483)
Contributions restricted for capital projects	76,497	1,789
Contributions restricted for endowment	1,500	43,000
Face value of new annuity and trust agreements	432,500	-
Gift portion of new annuity and trust agreements	(56,593)	-
Payments on annuities and trusts	(78,949)	(62,586)
Investment income on assets held in trust	25,010	-
Net Cash Provided (Used) by Financing Activities	324,517	(157,952)
Net Change in Cash and Cash Equivalents	343,027	106,438
Cash and Cash Equivalents, Beginning of Year	487,509	381,071
Cash and Cash Equivalents, End of Year	\$ 830,536	\$ 487,509

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Statements of Cash Flows (continued)

	Year Ended June 30,	
	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURES:		
Inventory acquired via note payable	<u>\$ -</u>	<u>\$ 388,275</u>
Interest paid related to finance lease	<u>\$ 13,336</u>	<u>\$ 13,622</u>

See notes to financial statements

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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.

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.

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.

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, four 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, Koinonia, Rio Grande Hot Springs, and Rio Grande Bible Ministries.

The Ministry's program services consist of the following:

Bible College –Exists to prepare Christ-centered leaders with a biblical worldview for the global church.

Radio Esperanza –Exists to glorify God by transmitting the Word of God, and inspirational music to equip leaders, edify believers, and evangelize the lost.

Bibleville –Exists to equip leaders, edify believers, and evangelize the lost through Bible conferences, gospel concerts, and outreach efforts, and support all aspects of the Ministry.

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.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2025 and 2024, the Ministry had approximately \$503,000 and \$179,000 of cash balances that exceeded federally insured limits, respectively.

INVESTMENTS

Investments with readily determinable fair values are reported at fair value, which is based on quoted market prices. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Investment income and realized and unrealized gains and losses are included in investment return with or without donor restrictions based on the presence or absence of donor restrictions.

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, 2025, 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.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 14.

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 recorded using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	15-20 years
Building and building improvements	15-30 years
Furniture, fixtures, and books	5-15 years
Equipment and vehicles	3-15 years

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, 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, 2025 and 2024.

PERFORMANCE OBLIGATION LIABILITIES

Performance obligation liabilities consists of fees paid to the Ministry prior to services being rendered. Substantially all of the contract liability balance at fiscal year end is recognized as revenue the following year. The beginning and ending contract balances were as follows for the years ending June 30, 2025 and 2024:

	<u>July 1, 2023</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>
Receivables, net	<u>\$ 99,563</u>	<u>\$ 83,791</u>	<u>\$ 72,987</u>
Performance obligation liabilities	<u>\$ 74,489</u>	<u>\$ 112,346</u>	<u>\$ 119,014</u>

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 based on the period life table issued by the Social Security Administration.

TRUST LIABILITY

The trust liability is established for an irrevocable charitable remainder unitrust and represents the present value of future cash flows to income beneficiaries. The present value of future cash flows to income beneficiaries is computed using published mortality rate tables adopted by the Internal Revenue Service (IRS) at an assumed rate of return based on the current applicable federal rate to determine the present value of the actuarially determined liability. The resulting actuarial gain or loss is recorded as a component of the change in value. Upon the termination of the trust, the trust provides for the distribution of assets to the Ministry. The portion of the trust attributable to the future interest of the Ministry is recorded in the statements of activities as contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in the Ministry's statements of financial position, which totaled \$426,344 and \$0 at June 30, 2025 and 2024, respectively. On an annual basis, the Ministry revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

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, 2025 and 2024

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.

GOVERNMENT FUNDS

Government funds includes the amount of credit claimed under the Employee Retention Credit (ERC) which was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretation. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Ministry's claim to the ERC and it is not possible to determine the impact (if any) this would have on the Ministry.

SUPPORT, REVENUE, AND EXPENSES

Contribution support is recorded when made, which may be when cash and other assets are received or unconditionally promised. Revenues from the life use property agreements are reported as other program fees as performance obligations under the terms of the contracts with occupants are satisfied over the life of the occupant. Tuition and fees include housing and other services provided to students for a fee, and are recognized as revenue as the performance obligations of providing services are satisfied over time. 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 \$226,476 and \$188,365 during the years ended June 30, 2024 and 2023, respectively. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES, continued

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.

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,	
	2025	2024
Services	\$ 1,889,035	\$ 1,766,749
Real property	-	2,176,000
Library books	-	75,000
Equipment and vehicles	-	54,700
	<u>\$ 1,889,035</u>	<u>\$ 4,072,449</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, 2025, the Ministry recorded \$1,889,035 of contributed services, of which \$125,908 was capitalized. During the year ended June 30, 2024, the Ministry recorded \$1,766,749 of contributed services, of which \$196,076 was capitalized. Contributed services are valued at the estimated fair value based on current rates for similar services.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS OF NONFINANCIAL ASSETS AND CONTRIBUTED SERVICES, continued

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 United States. 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 an independent appraisal that was obtained as a guide to determine the average price of a softcover vs. hardcover book. The fair value of the equipment and vehicle was determined by researching comparable assets for sale in the marketplace.

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.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

3. LIQUIDITY AND FINANCIAL RESOURCES:

The following reflects the Ministry's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year:

	June 30,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 830,536	\$ 487,509
Investments	2,252,115	2,303,083
Investments held for capital projects	54,843	35,188
Accounts receivable—net	72,987	83,791
Investments held in trust	426,344	-
Investments held for endowment:		
Investments without donor restriction for endowment	2,827,306	2,007,810
Investments with donor restriction for endowment	696,883	670,994
Financial assets, at year-end	7,161,014	5,588,375
Less those not available for general expenditure within one year:		
Investments held for trusts	(426,344)	-
Investments held in annuity reserves	(902,995)	(912,977)
Investments restricted for capital projects	(54,843)	(35,188)
Board-designated	(2,827,306)	(2,007,810)
Perpetual endowment and accumulated earnings, subject to appropriation beyond one year	(696,883)	(670,994)
	(4,908,371)	(3,626,969)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,252,643	\$ 1,961,406

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, 2025 and 2024, the Ministry has \$436,577 and \$379,218, respectively, in net assets with donor restrictions for missionary support, and \$757,159 and \$621,301 in net assets with donor restrictions for other projects and scholarships, respectively. These funds are considered available to meet needs for general expenditures within one year. Additionally, as of June 30, 2025 and 2024, the Ministry also has \$2,827,306 and \$2,007,810, 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, 2025 and 2024

4. INVESTMENTS:

Investments consist of:

	June 30,	
	2025	2024
Exchange traded funds	\$ 2,211,501	\$ 1,651,749
Mutual funds	3,905,586	3,221,706
Cash and cash equivalents	140,404	143,620
	\$ 6,257,491	\$ 5,017,075
Investments consist of:		
Other invested assets	\$ 4,928,152	\$ 4,104,098
Trust investments	426,344	-
Annuity investments, including reserves	902,995	912,977
	\$ 6,257,491	\$ 5,017,075

5. FAIR VALUE MEASUREMENTS:

The Ministry follows accounting standards which establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under accounting standards are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Ministry has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

5. FAIR VALUE MEASUREMENTS, continued:

Fair values of assets measured on a recurring basis as of June 30, 2025, are as follows:

	Total	Level 1	Level 2	Level 3
At fair value:				
Exchange traded funds	\$ 2,211,501	\$ 2,211,501	\$ -	\$ -
Mutual funds	3,905,586	3,905,586	-	-
Cash and cash equivalents	140,404	140,404	-	-
Total investments	\$ 6,257,491	\$ 6,257,491	\$ -	\$ -

Fair values of assets measured on a recurring basis as of June 30, 2024, are as follows:

	Total	Level 1	Level 2	Level 3
At fair value:				
Exchange traded funds	\$ 1,651,749	\$ 1,651,749	\$ -	\$ -
Mutual funds	3,221,706	3,221,706	-	-
Cash and cash equivalents	143,620	143,620	-	-
Total investments	\$ 5,017,075	\$ 5,017,075	\$ -	\$ -

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

6. ACCOUNTS RECEIVABLE—NET:

Accounts receivable—net consist of:

	June 30,	
	2025	2024
Student receivables	\$ 82,510	\$ 95,806
Other receivables	12,952	8,765
	95,462	104,571
Less allowance for credit losses	(22,475)	(20,780)
	\$ 72,987	\$ 83,791

7. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	June 30,	
	2025	2024
Land	\$ 968,536	\$ 926,462
Land improvements	3,944,446	3,656,435
Building and building improvements	13,558,363	13,558,363
Furniture, fixtures, and books	718,701	718,701
Equipment and vehicles	1,964,405	1,929,787
	21,154,451	20,789,748
Less accumulated depreciation	(11,059,797)	(10,451,723)
	10,094,654	10,338,025
Construction in progress	52,121	-
	\$ 10,146,775	\$ 10,338,025

Depreciation expense for the years ended June 30, 2025 and 2024, totaled \$732,553 and \$574,801, respectively.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

8. NOTE PAYABLE:

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. In the event of late payments, Faithlife reserves the right to suspend the software licenses. \$116,483 was paid upon signing the agreement, and bi-annual installments totaling \$30,199 began on July 31, 2024, and will continue 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>	
2026	\$ 60,398
2027	60,398
2028	60,398
2029	<u>30,200</u>
	<u><u>\$ 211,394</u></u>

9. NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consist of:

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Undesignated:		
Operating	\$ 628,980	\$ 385,101
Radio Esperanza	101,011	113,147
Bibleville	215,395	192,646
Equity in property and equipment and radio broadcast licenses	<u>11,418,829</u>	<u>11,610,079</u>
	<u>12,364,215</u>	<u>12,300,973</u>
Board-designated quasi endowment–capital projects	<u>2,827,306</u>	<u>2,007,810</u>
	<u><u>\$ 15,191,521</u></u>	<u><u>\$ 14,308,783</u></u>

The Ministry’s governing board through specific action has created self-imposed limits on net assets without donor restrictions. The board has set aside \$2,827,306 and \$2,007,810 as of June 30, 2025 and 2024, respectively, in a quasi endowment fund for capital projects. These net assets can be drawn upon if the board approves such action.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

10. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2025	2024
Subject to expenditure for specified purposes:		
Special projects and funds	\$ 640,907	\$ 484,388
Missionary support	436,577	379,218
Capital projects	54,843	35,188
Student work and tuition scholarships	116,252	136,913
Unitrust-restricted beneficiaries	47,405	-
	1,295,984	1,035,707
Subject to the Ministry's spending policy and appropriations:		
Unappropriated endowment income	102,383	77,994
Endowed scholarship	594,500	593,000
	696,883	670,994
	\$ 1,992,867	\$ 1,706,701

11. ENDOWMENT FUNDS:

During the years ended June 30, 2025 and 2024, 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.

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

11. ENDOWMENT FUNDS, continued:

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

The endowment net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Board-designated	\$ 2,827,306	\$ -	\$ -	\$ -	\$ 2,827,306
Donor-restricted funds	-	594,500	102,383	696,883	696,883
	\$ 2,827,306	\$ 594,500	\$ 102,383	\$ 696,883	\$ 3,524,189

Changes in endowment net assets for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions			Total
		Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restrictions	
Endowment net assets, June 30, 2024	\$ 2,007,810	\$ 593,000	\$ 77,994	\$ 670,994	\$ 2,678,804
Contributions	-	1,500	-	1,500	1,500
Transfer	692,535	-	-	-	692,535
Investment return	220,986	-	63,809	63,809	284,795
Appropriation of endowment funds	(94,025)	-	(39,420)	(39,420)	(133,445)
Endowment net assets, June 30, 2025	\$ 2,827,306	\$ 594,500	\$ 102,383	\$ 696,883	\$ 3,524,189

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

11. 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

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, 2025 and 2024

11. 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 for scholarships and a cap of 1% for management fees. The donor-restricted endowment is appropriated for scholarships, per the donor agreement while the appropriation from the endowment without donor restrictions is used for capital projects.

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, 2025 and 2024.

12. CHANGE IN VALUE OF TRUSTS AND ANNUITIES:

	Year Ended June 30,	
	2025	2024
Change in value of charitable trusts consist of:		
Investment return, net	\$ 25,010	\$ -
Actuarial change	(11,346)	-
Payments and distributions (including miscellaneous expenses)	(16,166)	-
	(2,502)	-
Change in value of annuities consist of:		
Investment return, net	87,461	87,229
Actuarial change	96,682	48,217
Liability portion of matured agreements	40,284	4,825
Annuity payments	(62,783)	(62,586)
	161,644	77,685
	\$ 159,142	\$ 77,685

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

13. SCHOLARSHIPS AND TUITION DISCOUNTS:

Scholarships and tuition discounts consist of:

	Year Ended June 30,	
	2025	2024
Gross tuition revenue	\$ 1,107,506	\$ 986,350
Funded scholarships and discounts	(226,476)	(188,365)
	\$ 881,030	\$ 797,985

14. 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,	
	2025	2024
Operating lease—right of use asset	\$ 4,608	\$ 15,654
Operating lease obligation	\$ 4,889	\$ 16,390
Finance lease—right of use asset	\$ 586,005	\$ 616,447
Finance lease obligation	\$ 650,656	\$ 665,706
Lease costs:		
Operating lease	\$ 11,064	\$ 11,064
Finance lease:		
Amortization of right of use asset	\$ 30,442	\$ 30,442
Interest on lease obligation	\$ 13,336	\$ 13,622
Cash paid for amounts included in the measurement of lease liabilities:		
Operating lease	\$ 11,519	\$ 11,238
Finance lease	\$ 28,386	\$ 27,294

RIO GRANDE BIBLE INSTITUTE, INC.

Notes to Financial Statements

June 30, 2025 and 2024

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

	June 30,	
	2025	2024
Weighted-average discount rate:		
Operating lease	0.16%	0.16%
Finance lease	2.02%	2.02%
Weighted-average remaining lease term:		
Operating lease	0.42 years	1.42 years
Finance lease	18.75 years	19.75 years

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>
2026	\$ 29,521	\$ 4,891
2027	30,702	-
2028	31,930	-
2029	33,207	-
2030	34,536	-
Thereafter	641,595	-
	801,491	4,891
Less imputed interest	(150,835)	(2)
	\$ 650,656	\$ 4,889

15. RETIREMENT PLAN:

The Ministry participates in a retirement plan under section 403(b) of the Internal Revenue Code. Under the plan, eligible employees may elect to defer a percentage or dollar amount of their salary, subject to the Internal Revenue Service limits. For all participating employees, the Ministry makes a matching contribution to the plan equivalent to 25% of the employee's contribution, up to a maximum employer match of \$50 per month. The Ministry's contributions totaled approximately \$194,000 and \$180,000 for the years ended June 30, 2025 and 2024, respectively.

16. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through September 17, 2025, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.