

The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))

Audited Financial Statements
December 31, 2018 and 2017



INTERNATIONAL COOPERATING MINISTRIES
NURTURING BELIEVERS AND ASSISTING CHURCH GROWTH WORLDWIDE

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The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))

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Independent Auditor's Report

To the Board of Trustees
The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))
Hampton, Virginia 23666

We have audited the accompanying financial statements of The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3)) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3)) as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Malvin, Diggins + Company, P.C.

Newport News, Virginia
April 26, 2019

The Rosser Foundation
d/b/a International Cooperating Ministries
Statements of Financial Position
December 31, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 700,200	\$ 1,372,764
Investments	3,920,765	4,066,687
Contributions receivable	472,312	206,698
Unconditional promises to give	1,385,500	-
Other current assets	195,015	40,157
Inventory	9,595	9,981
Property, equipment, and improvements, net	1,207,073	1,209,393
Other assets	1,396,674	1,418,467
	<u>9,287,134</u>	<u>8,324,147</u>
Total Assets	<u>\$ 9,287,134</u>	<u>\$ 8,324,147</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 255,132	\$ 182,153
Payroll withholdings and other current liabilities	331	(2,971)
Leases payable	31,073	-
	<u>286,536</u>	<u>179,182</u>
Total Liabilities	286,536	179,182
Net Assets		
Without donor restrictions	2,639,519	4,957,403
With donor restrictions	6,361,079	3,187,562
	<u>9,000,598</u>	<u>8,144,965</u>
Total Net Assets	<u>9,000,598</u>	<u>8,144,965</u>
Total Liabilities and Net Assets	<u>\$ 9,287,134</u>	<u>\$ 8,324,147</u>

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions	\$ 10,953,854	\$ 13,877,764	\$ 24,831,618
Sales of handbooks, videos, and cassettes	766	-	766
Interest and dividends	95,343	-	95,343
Net assets released from restriction	10,704,247	(10,704,247)	-
Other Income	7,442	-	7,442
Loss on sale of assets	(1,383)	-	(1,383)
Total Support and Revenue	21,760,269	3,173,517	24,933,786
Expenses			
Program Services			
Building program	18,913,629	-	18,913,629
Mini Bible College	1,549,732	-	1,549,732
Total Program Services	20,463,361	-	20,463,361
Supporting Services			
General and administrative	640,709	-	640,709
Fundraising	2,847,475	-	2,847,475
Total Supporting Services	3,488,184	-	3,488,184
Total Expenses	23,951,545	-	23,951,545
Changes in Net Assets from Operations	(2,191,276)	3,173,517	982,241
Nonoperating activities			
Investment return, net	(126,608)	-	(126,608)
Total nonoperating activities	(126,608)	-	(126,608)
Changes in Net Assets	(2,317,884)	3,173,517	855,633
Net Assets, Beginning of Year	4,957,403	3,187,562	8,144,965
Net Assets, End of Year	\$ 2,639,519	\$ 6,361,079	\$ 9,000,598

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries

Statement of Activities

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
Support and Revenue			
Contributions	\$ 15,110,041	\$ 10,770,020	\$ 25,880,061
Sales of handbooks, videos, and cassettes	1,063	-	1,063
Net investment income	188,728	-	188,728
Net assets released from restriction	9,911,874	(9,911,874)	-
Other loss	7,798	-	7,798
Loss on sale of assets	(378)	-	(378)
Total Support and Revenue	25,219,126	858,146	26,077,272
Expenses			
Program Services			
Building program	20,397,443	-	20,397,443
Mini Bible College	1,200,572	-	1,200,572
Total Program Services	21,598,015	-	21,598,015
Supporting Services			
General and administrative	553,667	-	553,667
Fundraising	2,771,428	-	2,771,428
Total Supporting Services	3,325,095	-	3,325,095
Total Expenses	24,923,110	-	24,923,110
Changes in Net Assets from Operations	296,016	858,146	1,154,162
Nonoperating activities			
Investment return, net	132,286	-	132,286
Total nonoperating activities	132,286	-	132,286
Changes in Net Assets	428,302	858,146	1,286,448
Net Assets, Beginning of Year	4,529,101	2,329,416	6,858,517
Net Assets, End of Year	\$ 4,957,403	\$ 3,187,562	\$ 8,144,965

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services			Supporting Services			Total Expenses
	International Church Growth	Mini Bible College	Total Program Services	General & Administration	Ministry Advancement	Total Supporting Services	
Expenses							
Building program	\$ 11,316,186	\$ -	\$ 11,316,186	\$ -	\$ -	\$ -	\$ 11,316,186
Building in-kind expense	5,873,984	-	5,873,984	-	-	-	5,873,984
Salaries & wages	808,751	330,585	1,139,336	338,027	1,275,937	1,613,964	2,753,300
Mini Bible College	-	931,356	931,356	-	-	-	931,356
Donor events	-	-	-	-	897,793	897,793	897,793
Employee benefits & tax	73,778	60,267	134,045	56,542	204,741	261,283	395,328
Pastor/partner support	242,686	138,519	381,205	-	-	-	381,205
Travel	197,128	25,971	223,099	76	43,614	43,690	266,789
Donor education	238,088	-	238,088	-	-	-	238,088
Development expenses	-	-	-	-	116,778	116,778	116,778
IT allocation, software & maintenance	51,019	17,006	68,025	17,004	17,006	34,010	102,035
Direct mail expense	11,765	11,765	23,530	2,195	58,372	60,567	84,097
Depreciation	41,840	13,947	55,787	13,945	13,946	27,891	83,678
Credit card processing fees	-	-	-	52,609	-	52,609	52,609
Video production	-	-	-	-	44,846	44,846	44,846
Gifts and donations	-	-	-	40,754	910	41,664	41,664
Utilities	14,273	2,680	16,953	7,703	11,150	18,853	35,806
Professional fees	-	-	-	32,378	-	32,378	32,378
Miscellaneous expenses	5,131	992	6,123	9,044	13,291	22,335	28,458
Marketing	-	-	-	-	25,963	25,963	25,963
Supplies	2,084	2,362	4,446	4,195	17,173	21,368	25,814
Vision trips	-	-	-	-	24,850	24,850	24,850
Licenses, fees, taxes	17,094	2,120	19,214	5,058	-	5,058	24,272
Training	-	-	-	174	21,289	21,463	21,463
Donor gifts	-	-	-	-	20,478	20,478	20,478
Board & conferences	689	3,330	4,019	15,997	-	15,997	20,016
Leased equipment	9,465	3,155	12,620	3,154	3,155	6,309	18,929
Cleaning & building maintenance	5,642	2,069	7,711	3,761	7,334	11,095	18,806
Website design & maintenance	-	-	-	-	18,636	18,636	18,636
Postage and shipping	1,305	2,283	3,588	6,894	7,483	14,377	17,965
Consulting services	-	-	-	16,545	-	16,545	16,545
Insurance	1,695	622	2,317	8,817	2,730	11,547	13,864
Storage space rental	-	-	-	3,272	-	3,272	3,272
Volunteer expense	-	-	-	2,565	-	2,565	2,565
Department meetings	1,026	317	1,343	-	-	-	1,343
Cost of sales	-	386	386	-	-	-	386
Total Expenses	\$ 18,913,629	\$ 1,549,732	\$ 20,463,361	\$ 640,709	\$ 2,847,475	\$ 3,488,184	\$ 23,951,545

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services			Supporting Services			Total Expenses
	International Church Growth	Mini Bible College	Total Program Services	General & Administration	Ministry Advancement	Total Supporting Services	
Expenses							
Building in-kind expenses	\$ 7,584,362	\$ -	\$ 7,584,362	\$ -	\$ -	\$ -	\$ 7,584,362
Building program	11,065,352	-	11,065,352	-	-	-	11,065,352
Board & conferences	-	-	-	34,270	-	34,270	34,270
Mini Bible College	-	821,286	821,286	-	-	-	821,286
Cost of sales	-	295	295	-	-	-	295
Credit card processing fees	-	-	-	43,366	-	43,366	43,366
Pastor/partner support	475,062	18,128	493,190	-	-	-	493,190
Salaries & wages	677,410	264,864	942,274	311,153	1,042,468	1,353,621	2,295,895
Employee benefits & tax	94,072	39,689	133,761	46,787	132,197	178,984	312,745
Licenses, fees, taxes	22,640	1,030	23,670	4,708	-	4,708	28,378
Department meetings	1,170	295	1,465	-	-	-	1,465
Depreciation	17,357	17,357	34,714	17,357	17,357	34,714	69,428
Development expense	-	-	-	-	111,227	111,227	111,227
Donor education	217,042	-	217,042	-	-	-	217,042
Donor events	-	-	-	-	1,075,731	1,075,731	1,075,731
Donor gifts	-	-	-	-	8,035	8,035	8,035
Gifts - other	-	-	-	2,147	-	2,147	2,147
Marketing	-	-	-	-	27,506	27,506	27,506
Professional services	1,531	621	2,152	27,286	2,498	29,784	31,936
Direct mail expense	9,371	9,371	18,742	1,881	101,887	103,768	122,510
Office expense & supplies	1,757	2,572	4,329	3,899	18,476	22,375	26,704
IT allocation, software & maintenance	24,080	8,111	32,191	8,026	8,027	16,053	48,244
Leased equipment	7,218	2,406	9,624	2,689	2,404	5,093	14,717
Miscellaneous	2,494	4,481	6,975	7,935	85,199	93,134	100,109
Insurance	1,112	622	1,734	11,250	3,118	14,368	16,102
Utilities	12,468	2,448	14,916	6,176	10,256	16,432	31,348
Postage	85	1,122	1,207	7,182	7,457	14,639	15,846
Website design & maintenance	-	-	-	-	14,870	14,870	14,870
Cleaning & building maintenance	-	-	-	13,382	-	13,382	13,382
Travel expense	182,294	5,308	187,602	300	9,300	9,600	197,202
Training	-	-	-	564	22,892	23,456	23,456
Vision trips	-	-	-	-	25,640	25,640	25,640
Video & media production	-	-	-	-	44,317	44,317	44,317
Volunteer expense	566	566	1,132	566	566	1,132	2,264
Other expenses	-	-	-	2,743	-	2,743	2,743
Total Expenses	\$ 20,397,443	\$ 1,200,572	\$ 21,598,015	\$ 553,667	\$ 2,771,428	\$ 3,325,095	\$ 24,923,110

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 855,633	\$ 1,286,448
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	83,678	69,428
(Gain) loss on sale of assets	1,383	(378)
Realized and unrealized (gain) loss on sale of investments	183,128	(223,714)
Reinvested dividends and capital gains	(93,112)	(265,417)
(Increase) Decrease in operating assets:		
Unconditional promises to give	(1,385,500)	-
Inventory	386	295
Contributions receivable	(265,614)	70,168
Other current assets	(154,858)	(40,000)
Restricted cash	-	1,000
Other assets	-	19,363
Increase (Decrease) in operating liabilities:		
Accounts payable	72,979	5,093
Payroll withholdings	3,301	161
Net Cash (Used In) Provided By Operating Activities	(698,596)	922,447
Cash Flows from Investing Activities		
Principal payments on notes receivable	21,261	18,943
Purchase of property, equipment, and improvements	(82,740)	(58,498)
Proceeds from sale of investments	100,000	168,718
Purchase of investments	-	(600,000)
Net Cash Proved By (Used In) Investing Activities	38,521	(470,837)
Cash Flows from Financing Activities		
Payments on lease payable	(12,489)	-
Net (Decrease) Increase in Cash	(672,564)	451,610
Cash - Beginning of Year	1,372,764	921,154
Cash - End of Year	\$ 700,200	\$ 1,372,764
Supplemental Disclosures of Cash Flow Information		
Noncash Operating and Investing Activities:		
Contributions of stock	\$ 5,041	\$ 5,037

See the independent auditor's report and accompanying notes.

The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501 (c)(3)) (the Foundation), is a not-for-profit irrevocable trust established under the laws of the Commonwealth of Virginia. It operates as a publicly supported organization. The Foundation is dedicated to spreading the Gospel throughout the world by nurturing believers and assisting church growth worldwide.

Financial Statement Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's purpose of spreading the gospel and worldwide church growth, interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

The Foundation maintains several checking accounts at a local bank. Accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution can at times exceed federally insured limits throughout the year. Amounts in excess of the FDIC limit as of December 31, 2018 and 2017 were \$759,491 and \$1,348,268, respectively. Brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC). The SIPC insures accounts (not the underlying investments) with each

The Rosser Foundation
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A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk (Continued)

brokerage firm up to a maximum of \$500,000. Uninsured balances at the Foundation's various brokerage houses exceeded SIPC limits by \$2,952,078 and \$2,957,608 as of December 31, 2018 and 2017, respectively.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

As of December 31, 2018, the Foundation had unconditional promises to give in the amount of \$1,385,500 and contributions receivables from year-end donors in the amount of \$472,312, all of which are expected to be collected within one year. As of December 31, 2017, there were no unconditional promises to give and contributions receivables from year-end donors were \$206,698.

Inventory

Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market. Inventory is composed of books, videos, and CDs.

Property, Equipment, and Improvements

Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donations must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions in the statements of activities at that time. Property and equipment are depreciated using the straight-line method.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

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(Within the Meaning of IRC §501(c)(3))
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Fair Value of Financial Instruments

The Foundation's financial instruments consist primarily of cash, promises to give, donations receivable, inventory, notes receivable, and accounts payable. The carrying amount of cash, promises to give, donations receivable, inventory, notes receivable, and accounts payable approximate their fair value due to the short-term nature of such investments.

Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

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A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Conditional Promises and Indications of Intentions to Give

Pursuant to the Foundation’s policy and in conformity with accounting standards, the Foundation does not recognize conditional promises or intentions to give as revenue until the condition is met or the pledges are received.

Use of Estimates

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

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under §501(c)(3) of the Internal Revenue Code.

Compensated Absences

Employees of the Foundation are entitled to paid vacation and sick/personal leave depending on job classification, length of service, and other factors. It is not practicable for the Foundation to estimate the amount of compensation for future absences. Accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Foundation’s policy is to recognize the costs of compensated absences when actually paid to the employee.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>	<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Department/Time and effort	Supplies	Department/Time and effort
Travel	Department/Time and effort	Licenses, fees, taxes	Department/Time and effort
Direct mail expense	Department/Time and effort	Board and conferences	Department/Time and effort
Depreciation	Department/Time and effort	Leased equipment	Department/Time and effort
Information technologies	Department/Time and effort	Cleaning and building Maintenance	Department/Time and effort
Utilities	Department/Time and effort	Postage and shipping	Department/Time and effort
Miscellaneous	Department/Time and effort	Insurance	Department/Time and effort

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NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents the Foundation’s financial assets at December 31, 2018 and 2017:

	2018	2017
Financial assets at year end:		
Cash	\$ 700,200	\$ 1,372,764
Contributions receivable	472,312	206,698
Unconditional promises to give	1,385,500	-
Investments	3,920,765	4,066,687
Other assets	1,396,674	1,418,467
Total Financial Assets	7,875,451	7,064,616
Less amounts not available to be used within one year:		
Net assets with donor restrictions	171,260	19,537
Financial assets available to meet general expenditures over the next twelve months	\$ 7,704,191	\$ 7,045,079

The Foundation’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$5,735,600 including contingent funding of foreign ministries of \$3,487,000). As part of its liquidity plan, excess cash is invested in short-term investments such as money market accounts.

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NOTE 3 – PROPERTY, EQUIPMENT, AND IMPROVEMENTS

Property, equipment, and improvements consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 286,403	\$ 286,403
Buildings	388,598	388,598
Improvements	525,934	521,801
Furniture, fixtures, and equipment	631,409	559,207
Master video and audio tapes	<u>57,831</u>	<u>57,831</u>
	1,890,175	1,813,840
Less: accumulated depreciation	<u>(683,102)</u>	<u>(604,447)</u>
Net property, equipment, and improvements	<u>\$ 1,207,073</u>	<u>\$ 1,209,393</u>

Total depreciation expense for the years ended December 31, 2018 and 2017 was \$83,678 and \$69,428, respectively.

NOTE 4 – INVESTMENTS

Investments are stated at fair value and are summarized as follows as of December 31, 2018 and 2017:

	<u>2018</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Loss</u>
Mutual Funds	\$ <u>3,957,113</u>	\$ <u>3,920,765</u>	\$ <u>(36,348)</u>
	<u>2017</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
Mutual Funds	\$ <u>3,962,661</u>	\$ <u>4,066,687</u>	\$ <u>104,026</u>

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NOTE 4 – INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2018 and 2017:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 95,343	\$ -	\$ 95,343
Net realized and unrealized (loss) on investments	(126,608)	-	(126,608)
Total investment return	\$ (31,265)	\$ -	\$ (31,265)
	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 188,728	\$ -	\$ 188,728
Net realized and unrealized gain on investments	132,286	-	132,286
Total investment return	\$ 321,014	\$ -	\$ 321,014

NOTE 5 – FAIR VALUE MEASUREMENTS

Level 1 Fair Value Measurements

The fair values of mutual funds are available based on quoted market prices, when available. Notes receivable are deemed to be stated at their fair value.

Level 3 Fair Value Measurements

The fair value of the investment in the LLC is an average of the fair value of the property remaining in the LLC at the Foundation's level of interest, plus a percentage discount for a minority share in the LLC. There is no outside market for minority interests in privately held LLC's.

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NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

December 31, 2018	Fair Value	Fair Value Measurements Using:		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 3,920,765	\$ 3,920,765	\$ -	\$ -
Notes Receivable	108,548	108,548	-	-
Investment in LLC	1,288,126	-	-	1,288,126
Total	\$ 5,317,439	\$ 4,029,313	\$ -	\$ 1,288,126

December 31, 2017	Fair Value	Fair Value Measurements Using:		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 4,066,687	\$ 4,066,687	\$ -	\$ -
Notes Receivable	129,809	129,809	-	-
Investment in LLC	1,288,658	-	-	1,288,658
Total	\$ 5,485,154	\$ 4,169,496	\$ -	\$ 1,288,658

Fair Value Measurements Using Significant Unobservable Inputs (Level 3):

December 31, 2018	Beginning Balance	Net Change	Distribution	Ending Balance
Investment in LLC	\$ 1,288,658	\$ (532)	\$ -	1,288,126

December 31, 2017	Beginning Balance	Net Change	Distribution	Ending Balance
Investment in LLC	\$ 1,289,078	\$ (420)	\$ -	1,288,658

NOTE 6 – OTHER ASSETS

Other assets consist of the following at December 31, 2018 and 2017:

	2018	2017
Partnership – Green Mount Associates, LLC, 18.18% interest	\$ 1,288,126	\$ 1,288,658
Note Receivable 1	4,975	8,988
Note Receivable 2	103,573	120,821
Total other assets	\$ 1,396,674	\$ 1,418,467

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NOTE 7 – NET ASSETS

Net asset with donor restrictions were as follows for the years ended as of December 31, 2018 and 2017:

	2018	2017
Specific Purpose:		
Pastor & partner support	\$ 21,707	\$ 48,742
Church Building Program	4,952,987	3,137,935
Disaster aid	885	885
	4,975,579	3,187,562
Passage of Time:		
Contributions receivable	1,385,500	-
	1,385,500	-
Total net assets	\$ 6,361,079	\$ 3,187,562

Net assets without donor restrictions for the years ended December 31, 2018 and 2017 are as follows

	2018	2017
Undesignated	\$ 2,639,519	\$ 4,957,403

Net assets released from net assets with donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during 2018 and 2017:

	2018	2017
Satisfaction of Purpose Restriction:		
Mini Bible College	\$ 772,256	\$ 515,162
Building program	9,707,574	8,899,133
Partner support	224,417	476,040
Disaster aid	-	21,539
	10,704,247	9,911,874
Total net assets released from restrictions	\$ 10,704,247	\$ 9,911,874

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For the year ended December 31, 2018, \$1,722,157 of indirect expenses were allocated to program services and \$1,236,488 to ministry advancement. For the year ended December 31, 2017, \$1,416,487 of indirect expenses were allocated to program services and \$1,478,973 to ministry advancement.

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NOTE 9 – INCOME TAXES

Accounting standards clarify the accounting and recognition for income tax positions taken or expected to be taken in the Foundation's income tax returns. In evaluating the Foundation's tax provisions and accruals and future taxable income, interpretations and tax planning are considered. The Foundation believes their estimates are appropriate based on current facts and circumstances.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Foundation continuously assists with the building of churches worldwide in furtherance of its tax-exempt purpose. It agrees to provide funding of foreign ministry through the various phases of development of related church buildings and foundational improvements. As of December 31, 2018 and 2017, the Foundation estimated commitments of approximately \$5,498,726 and \$4,743,467, respectively, of which it can demonstrate appropriate funding based on its current cash and investment position.

In July 2016, the Foundation entered into a three-year operating lease for a vehicle. The Foundation expensed \$6,598 on the lease in 2018 and \$6,598 in 2017. Future minimum operating lease payment as of December 31, 2018 is as follows:

2019	\$	3,299
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The Foundation has acquired equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and included in equipment on the statement of financial position. The leased equipment under capital leases as of December 31, 2018 have a total cost of \$43,562. Amortization of the leased equipment is included in depreciation expense. The balance of the capital lease payments at December 31, 2018 and 2017 are \$31,073 and \$0, respectively. Future minimum capital lease payments as of December 31, 2018 are as follows:

2019	\$	14,431
2020		15,323
2021		1,319
	\$	<u>31,073</u>

NOTE 11 – IN-KIND CONTRIBUTIONS

The Foundation's policy is to recognize in-kind goods when donated as revenue at fair value in the period such contributions are made. The Foundation received donations of items for sale or auction totaling \$89,732 and \$74,698 for the years ending December 31, 2018 and 2017, respectively. The Foundation also received donated materials for the International Church Growth program. Those donations totaled \$5,873,984 and \$7,584,362 for the years ending December 31, 2018 and 2017, respectively. Such amounts have been recorded as contributions and expenses in the accompanying financial statements.

Several volunteers have made significant contributions of their time in furtherance of The Foundation's mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

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NOTE 12 – RETIREMENT PLAN

Certain employees of the Foundation participate in a deferred compensation retirement plan. The Foundation's contributions are equal to 3% of the annual salaries of participating employees. During the years ended December 31, 2018 and 2017, the Foundation's contribution to the Plan totaled \$35,866 and \$23,650, respectively.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 26, 2019, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.