

**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, 2023 and 2022

ICM

**The Global
Church Developer**

Clients 1st CPA, PC

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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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December 31, 2023 and 2022

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Be one-in-a-million NOT one-of-a-million

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
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))
Newport News, Virginia

Opinion

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 statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Rosser Foundation d/b/a International Cooperating Ministries A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3)) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The 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)) as of December 31, 2022 were audited by other auditors whose report dated May 5, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Rosser Foundation d/b/a International Cooperating Ministries A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3))'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Rosser Foundation d/b/a International Cooperating Ministries A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3))'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 The Rosser Foundation d/b/a International Cooperating Ministries A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3))'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.

Other Information Included in the Foundation's Annual Report

Management is responsible for the other information included in the Foundation's annual report. The other information comprises the annual results of the Foundation programs and operations, but it does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance on it.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Clients 1st CPA, PC

Clients 1st CPA, PC

Yorktown, Virginia
July 8, 2024

The Rosser Foundation
d/b/a International Cooperating Ministries

Statements of Financial Position

December 31, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 929,440	\$ 990,537
Investments	4,543,682	5,124,297
Contributions receivable	850,943	369,520
Other current assets	151,228	127,402
Property, equipment, and improvements - net and land	8,183,389	2,147,563
Other assets	1,056,875	1,511,448
Total Assets	<u>\$ 15,715,557</u>	<u>\$ 10,270,767</u>

Liabilities and Net Assets

Liabilities		
Accounts payable	\$ 562,929	\$ 143,154
Payroll withholdings and other current liabilities	(1,149)	48,749
Current portion of long-term debt	322,656	-
Long-term portion of debt	3,667,723	-
Total Liabilities	<u>4,552,159</u>	<u>191,903</u>
Net Assets		
Without donor restrictions	4,812,343	3,142,669
With donor restrictions	6,351,055	6,936,195
Total Net Assets	<u>11,163,398</u>	<u>10,078,864</u>
Total Liabilities and Net Assets	<u>\$ 15,715,557</u>	<u>\$ 10,270,767</u>

The accompanying notes are an integral part of these financial statements.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions	\$ 23,854,701	\$ 6,351,055	\$ 30,205,756
Interest and dividends	224,180	-	224,180
Net assets released from restriction	6,936,195	(6,936,195)	-
Miscellaneous income	11,469	-	11,469
Gain on the sale of assets	426,068	-	426,068
Total Support and Revenue	31,452,613	(585,140)	30,867,473
Operating Expenses			
Program Expenses			
Building program	18,666,533	-	18,666,533
Discipleship	5,360,422	-	5,360,422
Total Program Expenses	24,026,955	-	24,026,955
Supporting Services			
General and administrative	1,194,638	-	1,194,638
Fundraising	4,806,899	-	4,806,899
Total Supporting Services	6,001,537	-	6,001,537
Total Expenses	30,028,492	-	30,028,492
Changes in Net Assets from Operations	1,424,121	(585,140)	838,981
Nonoperating Activities			
Investment return, net	245,553	-	245,553
Total Nonoperating Activities	245,553	-	245,553
Changes in Net Assets	1,669,674	(585,140)	1,084,534
Net Assets, Beginning of Year	3,142,669	6,936,195	10,078,864
Net Assets, End of Year	<u>\$ 4,812,343</u>	<u>\$ 6,351,055</u>	<u>\$ 11,163,398</u>

The accompanying notes are an integral part of these financial statements.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions	\$ 16,740,429	\$ 18,101,215	\$ 34,841,644
Interest and dividends	31,190	-	31,190
Net assets released from restriction	14,538,054	(14,538,054)	-
Other income	3,731	-	3,731
Gain on the sale of assets	98,956	-	98,956
Total Support and Revenue	31,412,360	3,563,161	34,975,521
Operating Expenses			
Program Expenses			
Building program	\$ 27,134,886	\$ -	\$ 27,134,886
Discipleship	4,434,611	-	4,434,611
Total Program Expenses	31,569,497	-	31,569,497
Supporting Services			
General and administrative	846,359	-	846,359
Fundraising	3,960,381	-	3,960,381
Total Supporting Services	4,806,740	-	4,806,740
Total Expenses	36,376,237	-	36,376,237
Changes in Net Assets from Operations	(4,963,877)	3,563,161	(1,400,716)
Nonoperating Activities			
Investment return, net	(407,417)	-	(407,417)
Total Nonoperating Activities	(407,417)	-	(407,417)
Changes in Net Assets	(5,371,294)	3,563,161	(1,808,133)
Net Assets, Beginning of Year	8,513,963	3,373,034	11,886,997
Net Assets, End of Year	\$ 3,142,669	\$ 6,936,195	\$ 10,078,864

The accompanying notes are an integral part of these financial statements.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services			Supporting Services			Total
	International Church Growth	Discipleship	Total Program Services	Ministry Advancement	General & Administration	Total Supporting Services	
Operating Expenses							
Salaries & wages	\$ 1,001,197	\$ 907,229	\$ 1,908,426	\$ 2,116,005	\$ 439,620	\$ 2,555,625	\$ 4,464,051
Employee benefits & tax	164,118	188,285	352,403	356,470	60,045	416,515	768,918
Workmen's comp. insurance	2,807	2,573	5,380	5,848	1,521	7,369	12,749
Church & other bldg. projects	10,314,184	-	10,314,184	-	-	-	10,314,184
Building in-kind expense	6,256,049	-	6,256,049	-	-	-	6,256,049
Discipleship programs	-	3,786,244	3,786,244	-	-	-	3,786,244
Pastor & partner support	69,799	214,366	284,165	-	-	-	284,165
Indigenous field partner	84,400	-	84,400	-	-	-	84,400
Audit & accounting	-	-	-	-	33,450	33,450	33,450
Board and conferences	-	-	-	-	20,413	20,413	20,413
Cleaning & bldg. maint.	44,610	36,041	80,651	5,702	5,479	11,181	91,832
Consulting services	28	-	28	-	-	-	28
Credit card processing fees	-	-	-	-	54,639	54,639	54,639
Department meetings	1,534	968	2,502	1,528	1,159	2,687	5,189
Depreciation	-	-	-	-	234,078	234,078	234,078
Development expenses	-	-	-	180,541	-	180,541	180,541
Direct mail (newsletters, etc.)	17,152	16,152	33,304	6,081	-	6,081	39,385
Donations	-	-	-	-	44,557	44,557	44,557
Donor education	145,187	-	145,187	-	-	-	145,187
Donor events	-	-	-	1,511,793	-	1,511,793	1,511,793
Donor fulfillment	30,632	-	30,632	-	-	-	30,632
Donor gifts	-	-	-	2,418	-	2,418	2,418
Gifts - other	-	-	-	219	5,428	5,647	5,647
ICM marketing/advertising	-	-	-	236,496	-	236,496	236,496
Insurance expense	17,153	17,153	34,306	6,694	5,776	12,470	46,776
Interest expense	79,384	69,781	149,165	25,935	16,770	42,705	191,870
IT allocation	156,709	61,329	218,038	119,666	59,782	179,448	397,486
Leadership expenses	-	-	-	28,219	-	28,219	28,219
Legal fees	-	-	-	-	43,411	43,411	43,411
Licenses, fees & sub.	15,666	15,346	31,012	-	10,537	10,537	41,549
Midlevel development	-	-	-	5,325	-	5,325	5,325
Miscellaneous expenses	4,828	4,961	9,789	2,554	4,093	6,647	16,436
Payroll services	-	-	-	-	11,183	11,183	11,183
Planned giving	-	-	-	18,000	-	18,000	18,000
Postage and shipping	335	1,602	1,937	14,343	2,630	16,973	18,910
Professional fees	-	-	-	-	27,398	27,398	27,398
Storage space rental	-	-	-	-	3,538	3,538	3,538
Supplies	3,223	1,862	5,085	10,026	2,864	12,890	17,975
Taxes	-	-	-	-	81,618	81,618	81,618
Telephone	11,285	1,881	13,166	3,135	10,658	13,793	26,959
Training	3,700	1,057	4,757	31,010	1,024	32,034	36,791
Travel	232,462	21,770	254,232	2,688	367	3,055	257,287
Utilities	7,731	11,822	19,553	17,280	8,731	26,011	45,564
Video production	-	-	-	70,140	-	70,140	70,140
Vision trips	2,360	-	2,360	8,012	851	8,863	11,223
Volunteer expense	-	-	-	-	3,018	3,018	3,018
Website design & maintenance	-	-	-	20,771	-	20,771	20,771
Total Operating Expenses	\$ 18,666,533	\$ 5,360,422	\$ 24,026,955	\$ 4,806,899	\$ 1,194,638	\$ 6,001,537	\$ 30,028,492

The accompanying notes are an integral part of these financial statements.

The Rosser Foundation
d/b/a International Cooperating Ministries
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Supporting Services			Total
	International Church Growth	Discipleship	Total Program Services	Ministry Advancement	General & Administration	Total Supporting Services	
Operating Expenses							
Salaries & wages	\$ 886,111	\$ 765,103	\$ 1,651,214	\$ 2,027,762	\$ 418,837	\$ 2,446,599	\$ 4,097,813
Employee benefits & tax	156,020	132,808	288,828	308,129	80,662	388,791	677,619
Workmen's comp. insurance	1,519	1,408	2,927	3,176	725	3,901	6,828
Church & other bldg projects	14,513,578	-	14,513,578	-	-	-	14,513,578
Building in-kind expense	9,129,086	-	9,129,086	-	-	-	9,129,086
Discipleship programs	-	3,223,909	3,223,909	-	-	-	3,223,909
Pastor & partner support	1,629,409	169,363	1,798,772	-	-	-	1,798,772
Indigenous field partner	70,436	-	70,436	-	-	-	70,436
Audit & accounting	-	-	-	-	22,500	22,500	22,500
Board and conferences	-	-	-	-	11,774	11,774	11,774
Cleaning & bldg maint.	4,515	4,124	8,639	5,624	3,899	9,523	18,162
Consulting services	-	-	-	17,500	-	17,500	17,500
Credit card processing fees	-	-	-	-	57,584	57,584	57,584
Department meetings	1,545	586	2,131	-	563	563	2,694
Depreciation	115,785	18,930	134,715	16,846	3,613	20,459	155,174
Development expenses	-	-	-	127,601	-	127,601	127,601
Direct mail (newsletters, etc.)	9,472	9,472	18,944	47,057	9,676	56,733	75,677
Donations	-	-	-	-	33,238	33,238	33,238
Donor education	136,304	-	136,304	-	-	-	136,304
Donor events	-	-	-	975,481	-	975,481	975,481
Donor fulfillment	-	-	-	32,414	-	32,414	32,414
Donor gifts	-	-	-	1,487	3,199	4,686	4,686
ICM marketing/advertising	-	-	-	108,191	-	108,191	108,191
Insurance expense	-	-	-	-	18,735	18,735	18,735
IT allocation	170,352	81,418	251,770	67,796	76,564	144,360	396,130
Legal fees	-	-	-	-	12,095	12,095	12,095
Licenses, fees & sub.	25,054	13,660	38,714	-	18,938	18,938	57,652
Miscellaneous expenses	680	3,211	3,891	13,220	35,224	48,444	52,335
Payroll services	-	-	-	-	8,158	8,158	8,158
Postage and shipping	255	2,127	2,382	13,713	2,343	16,056	18,438
Professional fees	18,551	-	18,551	-	-	-	18,551
Storage space rental	-	-	-	-	5,134	5,134	5,134
Supplies	1,244	1,155	2,399	7,124	1,918	9,042	11,441
Taxes	-	-	-	-	5,832	5,832	5,832
Telephone	9,123	1,397	10,520	2,924	7,773	10,697	21,217
Training	1,343	1,603	2,946	43,125	1,330	44,455	47,401
Travel	249,755	-	249,755	47,614	-	47,614	297,369
Utilities	4,749	4,337	9,086	5,914	4,101	10,015	19,101
Video production	-	-	-	55,621	-	55,621	55,621
Vision trips	-	-	-	14,046	-	14,046	14,046
Volunteer expense	-	-	-	-	1,944	1,944	1,944
Website design & maintenance	-	-	-	18,016	-	18,016	18,016
Total Operating Expenses	\$ 27,134,886	\$ 4,434,611	\$ 31,569,497	\$ 3,960,381	\$ 846,359	\$ 4,806,740	\$ 36,376,237

The accompanying notes are an integral part of these financial statements.

The Rosser Foundation
d/b/a International Cooperating Ministries

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 1,084,534	\$ (1,808,133)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	234,078	155,174
(Gain) on sale of assets	(426,068)	(98,956)
Net realized and unrealized (gain) losses on investments	(247,131)	342,641
Reinvested dividends and capital (gains)	-	(6,687)
Net changes in assets and liabilities:		
Contributions receivable	(481,423)	(91,472)
Other current assets	(23,826)	(97,689)
Accounts payable	419,775	(152,681)
Payroll withholdings	(49,898)	35,681
Net Cash Provided by (Used In) Operating Activities	<u>510,041</u>	<u>(1,722,122)</u>
Cash Flows from Investing Activities		
Principal payments on notes receivable	453,411	59,949
Purchase of property, equipment, and improvements	(3,237,072)	(787,415)
Proceeds from sale of equipment	1,790	-
Proceeds from sale of investments	1,481,654	1,521,820
Purchase of investments	(158,800)	(1,331,181)
Net Cash (Used in) Investing Activities	<u>(1,459,017)</u>	<u>(536,827)</u>
Cash Flows from Financing Activities		
Proceeds from long-term debt	938,000	-
Payments of long-term debt	(50,121)	-
Net Cash Provided by Financing Activities	<u>887,879</u>	<u>-</u>
Net Decrease in Cash	(61,097)	(2,258,949)
Cash - beginning of year	<u>990,537</u>	<u>3,249,486</u>
Cash - end of year	<u>\$ 929,440</u>	<u>\$ 990,537</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for:		
Interest	<u>\$ 191,870</u>	<u>\$ -</u>
Supplemental Disclosures of Non-Cash Investing and and Financing Activities		
In-kind donations - building	<u>\$ 6,256,049</u>	<u>\$ 9,129,086</u>
In-kind donations for auctions/sale	<u>\$ 734,283</u>	<u>\$ 111,793</u>
Contributions of stock	<u>\$ 482,323</u>	<u>\$ 302,657</u>
Building purchase - cash paid	\$ 547,500	-
Building purchase - cash advance for improvements	938,000	-
Building purchase - mortgage acquired	3,102,500	-
Total building purchase and improvements	<u>\$ 4,588,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

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

Years Ended December 31, 2023 and 2022

NOTE 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities

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.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual method where revenue is recognized when earned and expenses as incurred.

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 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 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 and changes in net assets 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 the 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, 2023 and 2022, were \$538,411 and \$1,205,692, respectively.

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

Years Ended December 31, 2023 and 2022

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk (continued)

Brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC). The SJPC insures accounts (not the underlying investments) with each brokerage firm up to a maximum of \$500,000. Uninsured balances at the Foundation's various brokerage houses exceeded SIPC limits by \$4,043,682 and \$4,725,220 as of December 31, 2023 and 2022, 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, 2023 and 2022, the Foundation had no unconditional promises to give and contributions receivables from year-end donors were \$850,943 and \$369,520, all of which are expected to be collected within one year.

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 and changes in net assets.

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 and changes in net assets 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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Notes to Financial Statements

Years Ended December 31, 2023 and 2022

NOTE 1 – Nature of Business and Summary of 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.

For the years ending December 31, 2023 and 2022, there were no investments measured using levels 2 or 3.

Fair Value of Financial Instruments

The Foundation's financial instruments consist primarily of cash, promises to give, donations receivable, 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.

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.

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Notes to Financial Statements

Years Ended December 31, 2023 and 2022

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies (continued)

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.

Contributions of Nonfinancial Assets (Gifts In-Kind)

The Foundation recognizes in-kind contributions as revenues in the period in which they are received and expenses in the period they are utilized. Donated items are valued by the donor at fair value on the date of the gift.

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. This includes significant estimates of contingent liabilities. 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. The Foundation is subject to taxation on unrelated net business income. It had no unrelated business income tax for the years ended December 31, 2023 and 2022.

The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filings and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no uncertain tax positions required to be disclosed under the Income Taxes Topic of the FASB Accounting Standards Codification.

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 Allocation of 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	Dept./Time and effort	Information technologies	Dept./Time and effort
Travel	Dept./Time and effort	Supplies	Dept./Time and effort
Direct mail expense	Dept./Time and effort	Licenses, fees, taxes	Dept./Time and effort
Depreciation	Dept./Time and effort	Board and conferences	Dept./Time and effort
Insurance	Dept./Time and effort	Postage and shipping	Dept./Time and effort
Utilities	Dept./Time and effort	Miscellaneous	Dept./Time and effort

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Notes to Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 1 – Nature of Business and Summary of Significant Accounting Policies (continued)

Reclassifications

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

NOTE 2 – Availability and Liquidity

The following represents the Foundation’s financial assets at December 31, 2023 and 2022:

Financial assets at year-end:	2023	2022
Cash	\$ 929,440	\$ 990,537
Contributions receivable	850,943	369,520
Investments	4,543,682	5,124,297
Other assets	1,056,875	1,537,575
Total Financial Assets	<u>7,380,940</u>	<u>8,021,929</u>
Less: amounts <i>not available</i> to be used within one year:		
Net assets with donor restrictions	<u>-</u>	<u>370,372</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 7,380,940</u>	<u>\$ 7,651,557</u>

The Foundation's goal is generally to maintain financial assets to meet 120 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments such as money market accounts.

NOTE 3 – Property, Equipment, and Improvements

Property, equipment, and improvements consist of the following at December 31, 2023 and 2022:

	2023	2022
Buildings	\$ 3,326,848	\$ 454,348
Improvements	2,101,211	575,086
Furniture, fixtures, and equipment	2,859,694	1,734,773
Master video and audio tapes	57,831	57,831
	<u>8,345,584</u>	<u>2,822,038</u>
Less: accumulated depreciation	<u>1,160,348</u>	<u>960,878</u>
Net property, equipment, and improvements	7,185,236	1,861,160
Land	998,153	286,403
Property, equipment, and improvements, net including land	<u>\$ 8,183,389</u>	<u>\$ 2,147,563</u>

Total depreciation expense for the years ended December 31, 2023 and 2022 was \$234,078 and \$155,174 respectively.

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Notes to Financial Statements

Years Ended December 31, 2023 and 2022

NOTE 4 – Investments

Investments are stated at fair value and are summarized as follows as of December 31, 2023 and 2022:

	2023		
	Cost	Fair Market Value	Unrealized Gain
Mutual Funds	\$ 4,075,829	\$ 4,543,682	\$ 467,853

	2022		
	Cost	Fair Market Value	Unrealized Gain
Mutual Funds	\$ 4,901,696	\$ 5,124,297	\$ 222,601

The following schedule summarizes the investment return and its classification in the statements of activities and changes in net assets for the years ended December 31, 2023 and 2022:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 224,180	\$ -	\$ 224,180
Net realized and unrealized gain on investments	\$ 247,131	\$ -	\$ 247,131
Investment expenses	(1,578)	-	(1,578)
Net investment return	\$ 245,553	\$ -	\$ 245,553

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	\$ 31,190	\$ -	\$ 31,190
Net realized and unrealized (loss) on investments	\$ (407,417)	\$ -	\$ (407,417)
Investment expenses	-	-	-
Net investment return	\$ (407,417)	\$ -	\$ (407,417)

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Notes to Financial Statements

Years Ended December 31, 2023 and 2022

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.

December 31, 2023	Fair Value Measurements Using:			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Investment Category				
Mutual funds	\$ 4,543,682	\$ -	\$ -	\$ 4,543,682

December 31, 2022	Fair Value Measurements Using:			Total
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Investment Category				
Mutual funds	\$ 5,124,297	\$ -	\$ -	\$ 5,124,297

NOTE 6 – Other Assets

Other assets consist of the following at December 31, 2023 and 2022:

	2023	2022
Partnership – Green Mount Associates, LLC, 18.18% interest	\$ 1,056,875	\$ 1,058,037
Note receivable	-	453,411
Total other assets	\$ 1,056,875	\$ 1,511,448

The Foundation measures its investment in Green Mount Associates, LLC (LLC) using the equity method as the LLC invests in real estate and the Foundation has more than a minor interest in the LLC. The Foundation initially measured the donated membership interests at fair value on the date of donation. The carrying amount of the LLC is adjusted annually by the percentage of any change in its equity corresponding to the Foundation’s percentage interest in the LLC. The carrying costs of the LLC are also increased or decreased to reflect additional contributions or withdrawals of capital.

NOTE 7 – Long-Term Liability

On March 14, 2023, the Foundation purchased a building for its new headquarters and began renovations. The Foundation obtained a loan for the project which is secured by the land and building. The loan is a fully amortizing 25-year loan with a 5-year balloon payment at a fixed 6.25% with monthly payments of \$26,888. The loan terms incur prepayment penalties of 3%, 2%, and 1% if paid in the first year, second, year or third year of the loan, respectively. These prepayment penalties will only apply if the loan is prepaid with funds from another financial institution. On December 31, 2023, the balance of the loan was \$3,990,379 with \$322,656 current and \$3,667,723 long-term.

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Notes to Financial Statements

Years Ended December 31, 2023 and 2022

NOTE 7 – Long-Term Liability (continued)

The following is a summary of principal maturities of long-term debt during the next five years ending December 31:

2024	\$	322,656
2025		322,656
2026		322,656
2027		322,656
2028		2,699,755
Total	\$	<u>3,990,379</u>

NOTE 8 – Net Assets

Net assets with donor restrictions were as follows for the years ended as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for a specific purpose:		
Pastor & partner support	\$ -	\$ 6,501
Church building program	5,466,996	6,383,595
Discipleship	562,059	391,510
Disaster aid	322,000	154,589
	<u>6,351,055</u>	<u>6,936,195</u>
Passage of time:		
Unconditional promises to give	-	-
Total net assets	<u>\$ 6,351,055</u>	<u>\$ 6,936,195</u>

Net assets without donor restrictions for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Undesignated	<u>\$ 4,812,343</u>	<u>\$ 3,142,669</u>

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Notes to Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 8 – Net Assets (continued)

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 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restriction:		
Pastor & partner support	\$ 6,501	\$ 20,350
Church building program	6,383,595	9,603,466
Discipleship	391,511	3,281,718
Disaster aid	<u>154,588</u>	<u>1,632,520</u>
Total net assets released from restrictions	<u>\$ 6,936,195</u>	<u>\$ 14,538,054</u>

During 2023, the Organization received \$6,897,849 in donations whose restriction were released in the same year received; therefore, the contributions were included in contributions without donor restrictions.

NOTE 9 – 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 and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For the year ended December 31, 2023, \$3,127,822 of indirect expenses were allocated to program services and \$3,365,126 to ministry advancement. For the year ended December 31, 2022, \$4,496,181 of indirect expenses were allocated to program services and \$2,627,525 to ministry advancement.

NOTE 10 – 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 11 – 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, 2023 and 2022, the Foundation estimated commitments of approximately \$6,030,888 and \$6,400,109, respectively, of which it can demonstrate appropriate funding based on its current cash and investment position.

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Notes to Financial Statements

Years Ended December 31, 2023 and 2022

NOTE 12 – 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 \$734,283 and \$111,793 for the years ending December 31, 2023 and 2022, respectively. The Foundation also received donated materials for the International Church Growth program. Those donations totaled \$6,256,049 and \$9,129,086 for the years ending December 31, 2023 and 2022, respectively. Such amounts have been recorded as contributions and expenses in the accompanying financial statements.

The Foundation receives donations of securities directly from donors. Those donations totaled \$482,323 and \$302,657 for the years ending December 31, 2023 and 2022, respectively.

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.

NOTE 13 – 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, 2023 and 2022, the Foundation's contribution to the Plan totaled \$100,039 and \$84,274, respectively.

NOTE 14 – Cash Surrender Value of Life Insurance

The Foundation received a donated life insurance contract on the life of a certain individual in 2019. The cash surrender value will be accrued as the policy builds value.

NOTE 15 – Subsequent Events

Management has evaluated subsequent events through July 8, 2024, 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.

NOTE 16 – Prior Period Adjustment

The prior year other current liabilities has been decreased by \$31 and other income increased for \$31 due to a rounding error that occurred on the 2022 financial statements. This change resulted in an increase of \$31 to unrestricted net assets for 2022. The correction has no effect on the 2023 financial statements.