



REVELATION WELLNESS FOUNDATION

Phoenix, Arizona

Financial Statements

For the Year Ended December 31, 2020

REVELATION WELLNESS FOUNDATION

Phoenix, Arizona

Financial Statements

For the Year Ended December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-10

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
REVELATION WELLNESS FOUNDATION
Phoenix, Arizona

We have audited the accompanying statements of REVELATION WELLNESS FOUNDATION (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 from 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 REVELATION WELLNESS FOUNDATION as of December 31, 2020, 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.

Wade R. Moran, CPA

Wade R. Moran CPA, PLLC

Dallas, Texas

May 4, 2023

Revelation Wellness Foundation
Statement of Financial Position
December 31, 2020

ASSETS

Current Assets

Cash and Cash Equivalents (Note 2-Section 4 and Note 3)	\$ 1,740,893
Accounts Receivable (Note 3 and 4)	109,765
Prepaid Expenses	6,325
Inventory (Note 5)	<u>37,482</u>
Total Current Assets	1,894,465

Net Property and Equipment (Note 2-Section 5 and Note 6)	95,087
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Other Assets

Intangible Assets	33,375
Deposits	<u>1,500</u>

TOTAL ASSETS	\$ <u><u>2,024,427</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Liabilities	\$ <u>33,942</u>
Total Current Liabilities	33,942

Total Liabilities	<u>33,942</u>
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Net Assets (Note 2-Section 7)

Without Restrictions	<u>1,990,485</u>
Total Net Assets	1,990,485

TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>2,024,427</u></u>
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The accompanying notes are an integral part of the financial statements

Revelation Wellness Foundation
Statement of Activities
For the Year Ended December 31, 2020

	Without Restrictions	With Restrictions	Total
REVENUE AND PUBLIC SUPPORT			
Merchandise Sales	\$ 262,741	\$ 0	\$ 262,741
Cost of Goods Sold	(158,591)	0	(158,591)
Gross Profit	104,150	0	104,150
Contributions (Note 7)	601,455	0	601,455
Program Income	42,079	0	42,079
Interest Income	591	0	591
Instructor Fees	204,491	0	204,491
Instructor Training Income	907,894	0	907,894
Wellness Program Income	229,453	0	229,453
Total Revenue and Public Support	2,090,113	0	2,090,113
EXPENSES			
Program Services	1,027,953	0	1,027,953
Supporting Services			
Management and General	271,593	0	271,593
Fundraising	46,534	0	46,534
Total Expenses	1,346,080	0	1,346,080
CHANGE IN NET ASSETS	744,033	0	744,033
NET ASSETS AT BEGINNING OF YEAR	1,246,452	0	1,246,452
NET ASSETS AT END OF YEAR	\$ 1,990,485	\$ 0	\$ 1,990,485

The accompanying notes are an integral part of the financial statements

Revelation Wellness Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2020

<u>Natural Expense Categories</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Professional Services	\$ 135,767	\$ 77,400	\$ 0	\$ 213,167
Advertising (Note 2-Section 10)	10,807	0	0	10,807
Salaries and Wages	376,897	108,694	28,316	513,907
Payroll Taxes and Fees	29,261	8,439	2,198	39,898
Technology Expense	55,825	0	13,956	69,781
Conferences and Training	48,250	12,601	0	60,851
Charitable Donations	67,576	0	0	67,576
Domestic Scholarships and Grants	48,220	0	0	48,220
Foreign Scholarships and Grants	14,395	0	0	14,395
Depreciation (Note 2-Section 5 and Note 6)	12,678	5,928	0	18,606
Occupancy	27,741	7,922	2,064	37,727
Insurance Expense	0	1,549	0	1,549
Office Expense	123,100	49,060	0	172,160
Travel and Lodging	<u>77,436</u>	<u>0</u>	<u>0</u>	<u>77,436</u>
Total Expenses	\$ <u>1,027,953</u>	\$ <u>271,593</u>	\$ <u>46,534</u>	\$ <u>1,346,080</u>

The accompanying notes are an integral part of these financial statements

Revelation Wellness Foundation
Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 744,033
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation Expense	18,606
Change in Accounts Receivable	39,325
Change in Prepaid Expenses	(6,325)
Change in Inventory	(22,608)
Change in Intangible Assets	(33,375)
Change in Deposits	(1,500)
Change in Accounts Payable and Accrued Liabilities	24,018
Net Cash Provided by Operating Activities	<u>762,174</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Fixed Assets	<u>(87,399)</u>
Net Cash (Used) by Investing Activities	(87,399)

NET CHANGE IN CASH AND CASH EQUIVALENTS 674,775

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 1,066,118

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 1,740,893

The accompanying notes are an integral part of the financial statements

REVELATION WELLNESS FOUNDATION

Notes to the Financial Statements

December 31, 2020

NOTE 1 – NATURE OF ACTIVITIES

REVELATION WELLNESS FOUNDATION (hereinafter “Organization”) is a nonprofit ministry dedicated to educating and inspiring you to live healthy and whole in Christ so you can love others well. The Organization uses fitness as a tool to spread the Gospel message.

The Organization is an Arizona nonprofit corporation supported by contributions, fees, and merchandise sales.

The Organization’s primary sources of revenue are free-will donations from supporters and the general public and instructor training fees. The Organization was incorporated under the laws of the State of Arizona.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management selects accounting principles generally accepted in the United States of America and adopts methods for their application. This summary of significant accounting policies selected by the Organization’s management is presented to assist in understanding the financial statements.

- 1) Basis of Accounting - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred on the accrual basis of accounting.
- 2) Programs - The Organization pursues its objectives through the execution of these major programs:
 - Program Services - The Organization uses fitness classes and techniques to spread the Gospel.
 - Supporting Services
 - Fundraising - This program supports the general operations of the Organization.
 - General and administrative - This program supports the general operations of the Organization.
- 3) Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Accordingly, it is reasonably possible for actual results to differ from those estimates.
- 4) Cash Equivalents - For statement of cash flow purposes, cash equivalents include highly liquid investments that are readily convertible to known amounts of cash. The Organization estimates that the fair value of cash and cash equivalents do not differ materially from the aggregate carrying value recorded in the accompanying statement of financial position as of December 31, 2020.
- 5) Property and Equipment - It is the Organization’s policy to capitalize property and equipment with an acquisition cost greater than \$2,500. Lesser amounts are expensed. Donations of property and equipment are capitalized, and recorded as support, at their fair value at the date of receipt. 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 donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time. The cost of maintenance and repairs are charged to expense as incurred. (See Note 6)
- 6) Impairment of Long-Lived Assets - Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

REVELATION WELLNESS FOUNDATION

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7) Net Asset Accounting - NEW ACCOUNTING PRONOUNCEMENT

Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively. The new standards change the following aspects of the Organization's financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions (net assets subject to donor-imposed restrictions).

The unrestricted net asset class has been renamed net assets without donor restrictions (net assets not subject to donor-imposed restrictions).

- 8) Contributions – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.
- 9) Donated Assets and Services - Donated property is recorded at fair market value on the date of receipt in the appropriate investment, expense or equipment account. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.
- 10) Advertising - The Organization utilizes advertising primarily to promote its programs to supporters and the general public. The costs of advertising are expensed when incurred and advertising expense was \$10,807 for the year ended December 31, 2020.
- 11) Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a usage basis.
- 12) Uncertain Tax Positions - Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code as other than a private foundation. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income. As of December 31, 2020, the Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. With few exceptions, Federal information returns filed prior to 2017 for the Organization are no longer subject to examination by tax authorities.
- 13) Subsequent Events – Management reviewed Type 1 subsequent events (events that reveal conditions existing at or before the balance sheet date and require adjustment to the financial statements) and Type 2 subsequent events (events that reveal conditions arising after the balance sheet date and require disclosure in, but not adjustment to, the financial statements). No subsequent events were noted. Management has evaluated subsequent events after the statement of financial position date of December 31, 2020 through the date the financial statements were available to be issued and concluded that no additional disclosures are required.

REVELATION WELLNESS FOUNDATION

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 14) Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events – On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year 2020. In January 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law.
- 15) Recent Accounting Pronouncements – The accounting principles governing the reported amounts, presentations, and disclosures in the financial statements are subject to change from time to time based on the issuance of new pronouncements of various standard-setting bodies. New pronouncements not yet in effect as of December 31, 2020, will not have a material effect on the financial statements of financial position, activities, and cash flows.
- 16) Fair Value Measurements and Disclosures - Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* established a framework for measuring fair value. That framework provides for a fair value hierarchy which 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 FASB ASC 820 are described as follows:

Level 1 - Inputs based on unadjusted quoted prices for identical assets or liabilities accessible at the measurement date,

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, and

Level 3 - Unobservable inputs for the asset or liability including the reporting entity’s own assumptions in determining the fair value measurement.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value, or reflective of future fair values. Furthermore, while the Organization believes that its valuation methods are appropriate and consistent with other market techniques, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The estimated fair values of the Organization’s financial instruments not measured at fair value, including cash and cash equivalents, receivables, prepaid expenses, and accounts payable and accrued liabilities approximated their carrying values based on the short-term nature of these items as of December 31, 2020.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 1,740,893
Accounts Receivable	109,765
Total Financial Assets Available	1,850,658
Financial Assets Available to Meet Cash Needs	
General Expenditures within One Year	<u>\$ 1,850,658</u>

REVELATION WELLNESS FOUNDATION

Notes to the Financial Statements

December 31, 2020

NOTE 4 – RECEIVABLES

Accounts receivable as of December 31, 2020 relate to online donations that have been made through the online system but have not yet hit the Organization's bank account. The balance of these receivables as of December 31, 2020 was \$109,765.

NOTE 5 – INVENTORY

Inventory consists of clothing and various other merchandise that are stated at the lower of cost or net realizable value. A physical inventory was taken at or near year-end. Inventory is valued at \$37,482 as of December 31, 2020.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment are used for operating purposes and consisted of the following at December 31, 2020:

Furniture and Equipment (5 years)	\$ 69,911
Other Assets (5 years)	16,070
Leasehold Improvements (7-15 years)	<u>53,451</u>
Total Property and Equipment	139,432
Less: Accumulated Depreciation	<u>(44,345)</u>
Net Property and Equipment	<u>\$ 95,087</u>

Depreciation expense for the year ended December 31, 2020 was \$18,606.

NOTE 7 – CONTRIBUTIONS

Contribution revenues for the year ended December 31, 2020 were received through the following campaigns:

Partner With Us on Mission (General Giving)	\$ 405,842
Core Focus Challenge	96,378
Sugar Fast	54,929
TLW Challenge	<u>44,306</u>
Total	<u>\$ 601,455</u>

NOTE 8 – COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation and personal days off, depending on length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the financial statements. The Organization's policy is to expense the costs of compensated absences when actually paid to employees.

NOTE 9 – LEASE COMMITMENTS

The Organization leased a building during 2020 to use for ministry, fitness, and other related uses. The lease has a variable payment structure and an expiration date of June 30, 2025. The lease requires \$2,317 per month for the first nine months, \$2,433 for the second year, \$2,548 for the third year, \$2,664 for the fourth year, and \$2,780 for the final fifteen months.

Future minimum lease payments are:

2021	\$ 28,843
2022	30,232
2023	31,623
2024	33,013
2025	<u>16,680</u>
Total future minimum lease payments	<u>\$ 140,390</u>

Rent expense included in Occupancy costs was \$32,473 for the year ended December 31, 2020.

REVELATION WELLNESS FOUNDATION

Notes to the Financial Statements

December 31, 2020

NOTE 10 – VOLUNTEER CONTRIBUTED SERVICES

The Organization is assisted by volunteers who contributed services to the programs of the Organization. Various volunteers assist the Organization in performances. The Organization estimates volunteer hours during the year ended December 31, 2020 to be approximately 8,125. Volunteer services provided by volunteers and board members are not recorded in these financial statements since they do not meet the criteria set forth in Note 2 under Donated Assets and Services.