

**Rapha House International, Inc.
DBA Rapha International and Affiliates**

**Auditor's Report and Financial Statements
For the year ended
December 31, 2023**



W. BENMILLER, CP, LLC

**Rapha House International, Inc.
DBA Rapha International and Affiliates**

For the Year Ended December 31, 2023

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W. BENMILLER, CP, LLC

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Rapha House International, Inc.
DBA Rapha International and Affiliates**

Opinion

We have audited the accompanying financial statements of Rapha House International, Inc. dba Rapha International and Affiliates (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 Rapha House International, Inc. as of December 31, 2023, and the change 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rapha House International, Inc. 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.

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of ARM Cambodia Organization, Good Life Foundation, and Good Morning Foundation, affiliates, with those statements reflecting total assets of \$3,848,851 as of December 31, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for ARM Cambodia, Good Life Foundation, and Good Morning Foundation is based solely on the reports of the other auditors.

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 Rapha House International, Inc.'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, including omissions, 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 Rapha House International, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rapha House International, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



W. Ben Miller, CPA LLC
Webb City, Missouri
November 21, 2024

Rapha House International, Inc.
DBA Rapha International and Affiliates
Statement of Financial Position
December 31, 2023

Current Assets	
Cash and cash equivalents, unrestricted	\$ 619,641
Cash and cash equivalents, restricted	1,454,182
Other receivables	11,990
Inventory	6,574
Other current assets	3,215
Total current assets	2,095,602
 Property and Equipment	
Land	1,231,393
Building and improvements	8,030,149
Furniture and equipment	721,405
	9,982,947
Accumulated depreciation	(1,634,753)
Total property and equipment	8,348,194
 Other Assets	
Investments, restricted	107,033
Total other assets	107,033
Total Assets	\$ 10,550,829
 Current Liabilities	
Current portion of long-term debt	\$ 19,253
Accounts payable	88,545
Payroll liabilities	25,404
Total current liabilities	133,202
 Long-Term Liabilities	
Notes payable	1,803,277
Less current portion of long-term debt	(19,253)
Total Long-term liabilities	1,784,024
 Net Assets	
Without donor restrictions	7,072,388
With donor restrictions	1,561,215
Total net assets	8,633,603
Total Liabilities and Net Assets	\$ 10,550,829

See independent auditor's report and notes to the financial statements

Rapha House International, Inc.
DBA Rapha International and Affiliates
Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and gains			
Grants and contributions	\$ 4,152,402	\$ 1,207,825	\$ 5,360,227
Merchandise sales	6,275	-	6,275
Cost of sales	(2,507)	-	(2,507)
Interest and dividends	12,881	-	12,881
Unrealized gain (loss) on investments	9,860	(642)	9,218
Other income	139,593	-	139,593
Support provided by expiring time and purpose restrictions	2,129,870	(2,129,870)	-
Total unrestricted revenues and gains and other support	6,448,374	(922,687)	5,525,687
Expenses			
Program services	4,810,948	-	4,810,948
Management and general	535,319	-	535,319
Fundraising	435,674	-	435,674
Total expenses	5,781,941	-	5,781,941
 Change in Net Assets	 666,433	 (922,687)	 (256,254)
Net Assets, Beginning of Year	6,405,955	2,483,902	8,889,857
Net Assets, End of Year	\$ 7,072,388	\$ 1,561,215	\$ 8,633,603

See independent auditor's report and notes to the financial statements

**Rapha House International, Inc.
DBA Rapha International and Affiliates
Statement of Functional Expenses
For the Year Ended December 31, 2023**

	Program Services				Supporting Services		Total
	Survivor Care	Prevention	Engagement	Total Program	Mgmt and General	Fundraising	
Survivor Care Program Support	\$ 2,858,210	\$ -	\$ -	\$ 2,858,210	\$ -	\$ -	\$2,858,210
Prevention Program Support	-	365,584	-	365,584	-	-	365,584
Engagement Trips	-	-	38,290	38,290	-	-	38,290
Contract Services	-	20,197	-	20,197	28,311	28,154	76,662
US Payroll	489,554	145,036	203,586	838,176	309,253	246,489	1,393,918
Facility, Equipment, and Office	82,384	23,239	47,389	153,012	36,463	110,523	299,998
Depreciation	247,827	61,957	-	309,784	-	-	309,784
Travel and Representation	68,165	19,758	24,425	112,348	37,103	29,573	179,024
Other expenses	70,735	23,735	20,877	115,347	124,189	20,935	260,471
	<u>\$ 3,816,875</u>	<u>\$ 659,506</u>	<u>\$ 334,567</u>	<u>\$ 4,810,948</u>	<u>\$ 535,319</u>	<u>\$ 435,674</u>	<u>\$5,781,941</u>

See independent auditor's report and notes to the financial statements

Rapha House International, Inc.
DBA Rapha International and Affiliates
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows From Operating Activities	
Change in net assets	\$ (256,254)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	309,784
Unrealized (gain) loss on investments	(9,218)
Changes in operating assets and liabilities	
(Increase) decrease in inventory	2,124
(Increase) decrease in prepaid expenses	(2,025)
(Increase) decrease in other receivables	(2,525)
Increase (decrease) in accounts payable	74,396
Increase (decrease) in payroll liabilities	<u>2,262</u>
Net cash flows from operating activities	<u>118,544</u>
Cash Flows From Investing Activities	
Purchase of property and equipment	(1,247,680)
Purchase of investments	<u>(1,860)</u>
Net cash flows from operating activities	<u>(1,249,540)</u>
Cash Flows From Financing Activities	
Principal payments on notes payable	(12,295)
Borrowings on notes payable	<u>28,333</u>
Net cash flows from operating activities	<u>16,038</u>
Net Decrease in Cash and Cash Equivalents	<u>(1,114,958)</u>
Cash and Cash Equivalents - Beginning of Year	<u>3,188,781</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,073,823</u>
Cash and Cash Equivalents Consist of the Following:	
Unrestricted cash and cash equivalents	\$ 619,641
Restricted cash and cash equivalents	<u>1,454,182</u>
	<u>\$ 2,073,823</u>
Interest Paid	<u>\$ 76,190</u>

See independent auditor's report and notes to the financial statements

Rapha House International, Inc.
DBA Rapha International and Affiliates
Notes to the Financial Statements
December 31, 2023

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities - Rapha House International, Inc., DBA Rapha International, is a non-profit corporation located in Joplin, Missouri. The Organization's main purpose is to end the trafficking and exploitation of children through aftercare for survivors, prevention for the vulnerable, and engagement for you. The non-profit entity was formed April 20, 2010, and is active in the USA, Haiti, and Southeast Asia (see "Affiliates" note below).

Basis of Accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

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

Net Assets - The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

See independent auditor's report

Rapha House International, Inc.
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Notes to the Financial Statements
December 31, 2023

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Classification of Transactions - All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Property and equipment – The Organization capitalizes property and equipment over \$1,000 to \$5,000. Property and equipment acquired by purchase are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions 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 restricted contributions. 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 temporarily restricted net assets to unrestricted net assets at that time. Depreciation of property and equipment is provided using the straight line method for financial reporting purposes at rates based on their estimated useful lives, ranging from 5 to 40 years. Depreciation was \$309,784 for the year ended December 31, 2023. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Inventory – Inventory consists of items produced by the women and children in their programs and vocational training. These items are recorded at cost. The inventory is in Joplin, Missouri, USA.

Contributed Services - The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Accounting for Contributions - Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Income Tax Status - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

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Rapha House International, Inc.
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Notes to the Financial Statements
December 31, 2023

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Expense Recognition and Allocation - The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Other costs are allocated based on tracking by management and consistent use of general ledger coding.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Affiliates – Pursuant to FASB ASC 958-810, Rapha International is permitted to present consolidated financial statements with affiliated entities in cases where economic interest and control are present. Accordingly, the financial statements of ARM Cambodia in Cambodia, GMF in Thailand, GLF in Thailand, and Rapha Haiti in Haiti are consolidated herein. The individual financial statements of ARM in Cambodia, GMF in Thailand, and GLF in Thailand have been audited by other auditors, and the audits are available upon request.

Note 2 – Significant Concentrations of Credit Risk

Concentration of Credit Risk - The Organization maintains its cash balances at financial institutions located in Southwest Missouri. Accounts held by the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time the balance in the accounts exceeds the insured limit. At December 31, 2023, the Organization's uninsured cash balances were approximately \$443,500. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk to cash.

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Rapha House International, Inc.
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Notes to the Financial Statements
December 31, 2023

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 are:

Financial assets

Cash and cash equivalents	\$ 2,073,823
Grants receivable	11,990
Total financial assets	<u>2,085,813</u>

Less financial assets held to meet donor-

Net asset with donor restrictions	<u>(1,561,215)</u>
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Amount available for general expenditures	<u><u>524,598</u></u>
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The Organization also maintains a \$60,000 line of credit (see Note 8).

Note 4 – Investments

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value. Investment return is reflected in the statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Investments at December 31, 2023 consisted of the following:

Cash and cash equivalents	\$ 1,704
Mutual funds - fixed income	25,531
Mutual Funds - large blend equity	21,477
Mutual Funds - foreign equity	20,311
Mutual Funds - emerging markets equity	10,121
Mutual Funds - mid-cap equity	9,243
Mutual Funds - small-cap equity	6,978
Mutual Funds - other equity	11,668
	<u>\$ 107,033</u>

Realized and unrealized gains and losses included in change in net assets for 2023 are included in total investment return. Total investment return as reported in the statement of activities is comprised of the following:

Interest and dividends	\$ 12,881
Unrealized loss on investments	<u>9,218</u>
	<u><u>\$ 22,099</u></u>

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Rapha House International, Inc.
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Notes to the Financial Statements
December 31, 2023

Note 5 - Disclosures About Fair Value of Assets and Liabilities

FASB Accounting Standards Codification (ASC) Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The Organization's investments are classified within Level 1 of the hierarchy. The following tables summarize the levels in the fair value hierarchy of the Organization's investments at December 31, 2023:

	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,704	\$ 1,704	\$ -	\$ -
Mutual funds - fixed income	25,531	25,531	-	-
Mutual Funds - large blend equity	21,477	21,477	-	-
Mutual Funds - foreign equity	20,311	20,311	-	-
Mutual Funds - emerging markets equity	10,121	10,121	-	-
Mutual Funds - mid-cap equity	9,243	9,243	-	-
Mutual Funds - small-cap equity	6,978	6,978	-	-
Mutual Funds - other equity	11,668	11,668	-	-
	<u>\$ 107,033</u>	<u>\$ 107,033</u>	<u>\$ -</u>	<u>\$ -</u>

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Rapha House International, Inc.
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Notes to the Financial Statements
December 31, 2023

Note 6 – Endowment

In 2019 the Freedom Forever Endowment was established. Funds are invested according to a board-approved investment policy statement. Initial contributions are donor restricted per UPMIFA guidelines. For the first three calendar years of existence, the endowment plans to make no spending distributions in order to accumulate value. Absent explicit donor stipulations or law to the contrary, investment gains on permanently restricted endowment funds are classified as restricted net assets until appropriated for expenditure by the organization.

The endowment funds are included in net assets with donor restrictions at December 31, 2023.

Changes in endowment net assets for the year ended December 31, 2023 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets January 1, 2023	\$ -	\$ 95,955	\$ 95,955
Investment return	-	12,066	12,066
Contributions	-	-	-
Appropriation of assets for investment expenses	-	(988)	(988)
	\$ -	\$ 107,033	\$ 107,033

Note 7 – Long-term Debt

Long-term debt consisted of the following at December 31, 2023:

Note payable to People's Bank of Seneca, due 3/6/2025, with monthly principal and interest payments of \$2,800, with interest at 4.75%. Secured by property.	\$ 436,065
Note payable to People's Bank of Seneca, due 4/26/24, with monthly interest payments due monthly, with interest at prime rate, 8.5% at 12/31/23. Secured by property.	323,057
EIDL Note payable to SBA, due April 2052, with monthly principal and interest payments of \$4,598, with interest at 2.75%, payments beginning in April 2024. Secured by property.	1,044,155
	1,803,277
Less current maturities of long-term debt	(19,253)
	\$ 1,784,024

See independent auditor's report

Rapha House International, Inc.
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Notes to the Financial Statements
December 31, 2023

Note 7 – Long-term Debt (continued)

Annual maturities of long-term debt at December 31, 2023 are:

2024	\$19,253
2025	775,829
2026	27,108
2027	27,862
2028	28,638
Thereafter	924,587
	<u>\$ 1,803,277</u>

Note 8 – Line of Credit

The Organization has secured a revolving line of credit totaling \$60,000, under which the Organization may borrow at 8.5% interest rate. The line of credit matures on April 19, 2025 and is secured by assets of the Organization. There were no amounts outstanding under this line of credit at December 31, 2023.

Note 9 – Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2023 were as follows:

Programming	\$ 481,237
Capital expenditures	984,549
Endowment	95,429
	<u>\$ 1,561,215</u>

Note 10 – Retirement Plan

Rapha International has established a 401k and a Section 125 Flexible Spending Account for the benefit of the US employees. The 401k plan is administered through Paychex Retirement Services, and fiduciary services are delegated to 401k Generation Inc. Paychex, Inc. is the recordkeeper for the Flexible Spending Account. Since these plans are established for the benefit of employees, their contributions are not reflected as assets on the statement of financial position.

Note 11 – Risks and Uncertainties

Rapha has operations in many countries throughout the world, many of which have volatile political and economic environments. As a result, Rapha may have financial risks associated with these operations. No assessments or provisions for these risks have been made.

See independent auditor's report

Rapha House International, Inc.
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Notes to the Financial Statements
December 31, 2023

Note 12 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through November 21, 2024, the date which the financial statements were available to be issued.

See independent auditor's report