

WORD OF LIFE  
FELLOWSHIP, INC.  
AND SUBSIDIARY

Consolidated Financial Statements  
With Independent Auditors' Report And  
Supplementary Information

December 31, 2018

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Word of Life Fellowship, Inc. and Subsidiary  
Schroon Lake, New York

We have audited the accompanying consolidated financial statements of Word of Life Fellowship, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Word of Life Fellowship, Inc. and Subsidiary  
Schroon Lake, New York

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Word of Life Fellowship, Inc. and Subsidiary as of December 31, 2018, and the consolidated changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the consolidated financial statements, Word of Life Fellowship, Inc. and Subsidiary has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This has had a material effect on the presentation of the December 31, 2018, consolidated financial statements. Our opinion is not modified with respect to this matter.

*Capin Crouse LLP*

New York, New York  
July 12, 2019

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidated Statement of Financial Position

December 31, 2018

### ASSETS:

Cash and cash equivalents	\$ 14,590,349
Contributions in transit	1,237,684
Bible Institute accounts receivable, net	383,795
Other accounts receivable	371,128
Prepaid expenses	257,364
Accrued interest receivable	48,538
Inventories	672,408
Pledges receivable, net	14,150,521
Notes receivable	2,181,844
Properties subject to life estates, net	96,250
Land, buildings and equipment, net	45,067,287
Long-term investments	5,992,523

Total Assets \$ 85,049,691

### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable and accrued expenses	\$ 1,989,078
Deferred revenue	1,675,205
Line of credit payable	2,000,000
Gift annuity liability-actuarial reserve	955,868
Total liabilities	<u>6,620,151</u>

#### Net assets:

Without donor restrictions	54,112,845
With donor restrictions	24,316,695
Total net assets	<u>78,429,540</u>

Total Liabilities and Net Assets \$ 85,049,691

See notes to consolidated financial statements

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidated Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT, REVENUE AND RELEASES:</b>			
Support and revenue:			
Contributions	\$ 17,957,760	\$ 34,596,472	\$ 52,554,232
Programs (net of student discounts of \$2,322,481 and camp and conference discounts of \$2,884,942)	14,406,814	-	14,406,814
Bookstore and other sales (net of cost of goods sold of \$458,091)	211,249	-	211,249
Interest and dividend income	98,110	96,010	194,120
Realized and unrealized loss on investments	(83,427)	(242,676)	(326,103)
Interest income on notes receivable	73,298	-	73,298
Change in value of gift annuities	61,665	-	61,665
Change in annuity statutorily required surplus	16,228	(16,228)	-
Change in value of properties subject to life estates	-	8,944	8,944
Other	17,798	-	17,798
	<b>32,759,495</b>	<b>34,442,522</b>	<b>67,202,017</b>
Releases:			
Satisfaction of time and program restrictions	18,285,102	(18,285,102)	-
Satisfaction of building and equipment acquisition restrictions	1,578,269	(1,578,269)	-
	<b>19,863,371</b>	<b>(19,863,371)</b>	<b>-</b>
<b>Total releases</b>	<b>19,863,371</b>	<b>(19,863,371)</b>	<b>-</b>
<b>Total support, revenue and releases</b>	<b>52,622,866</b>	<b>14,579,151</b>	<b>67,202,017</b>

(continued)

See notes to consolidated financial statements

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidated Statement of Activities

Year Ended December 31, 2018

(continued)

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES:			
Program services:			
Local church ministries	3,864,853	-	3,864,853
Bible Institute	11,162,021	-	11,162,021
International ministries	17,787,084	-	17,787,084
Camps - New York	5,952,793	-	5,952,793
Camps - Florida	2,008,134	-	2,008,134
Foundation	2,570,092	-	2,570,092
Other ministries	788,363	-	788,363
Total program services	44,133,340	-	44,133,340
Supporting services:			
Management and general	1,819,345	-	1,819,345
Development	2,189,351	-	2,189,351
Total supporting services	4,008,696	-	4,008,696
Total expenses	48,142,036	-	48,142,036
Change in Net Assets	4,480,830	14,579,151	19,059,981
Net Assets, Beginning of Year	49,632,015	9,737,544	59,369,559
Net Assets, End of Year	\$ 54,112,845	\$ 24,316,695	\$ 78,429,540

See notes to consolidated financial statements

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services	Management and General	Development	Total
Salaries and wages	\$ 12,200,068	\$ 582,807	\$ 889,707	\$ 13,672,582
Employee benefits	3,431,815	253,090	174,815	3,859,720
Grants	12,663,714	38,089	14,355	12,716,158
Professional and outside services	923,736	68,954	340,798	1,333,488
Travel	2,154,619	55,393	90,764	2,300,776
Facility rental and utility costs	2,227,991	115,287	99,709	2,442,987
Repairs and maintenance	1,714,014	25,231	28,233	1,767,478
Printing and postage	498,798	53,160	302,646	854,604
Supplies	1,474,623	35,802	52,408	1,562,833
Non-capitalizable equipment	968,019	23,108	47,862	1,038,989
Other expenses	511,188	285,538	23,093	819,819
Insurance	921,949	42,967	1,099	966,015
Depreciation	1,782,455	181,200	-	1,963,655
Interest	695	37,470	-	38,165
Advertising and promotion	344,327	13,250	123,447	481,024
Food	2,315,329	7,999	415	2,323,743
	\$ 44,133,340	\$ 1,819,345	\$ 2,189,351	\$ 48,142,036

See notes to consolidated financial statements



# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidated Statement of Cash Flows

Year Ended December 31, 2018

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 19,059,981
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	1,963,655
Net realized and unrealized loss on investments	326,103
Actuarial change in annuities, net of investment income	65,286
Contributions restricted for:	
Investment in endowment	(420)
Land, buildings and equipment	(16,568,734)
Changes in assets and liabilities:	
Contributions in transit	191,692
Bible Institute accounts receivable	59,721
Other accounts receivable	(25,069)
Prepaid expenses	109,913
Accrued interest receivable	46,946
Inventories	27,284
Pledges receivable for operations	38,184
Properties subject to life estates	13,750
Accounts payable and accrued expenses	299,076
Deferred revenue	(291,538)
Net Cash Provided by Operating Activities	<u>5,315,830</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of land, buildings and equipment	(5,405,140)
Proceeds from collection of notes receivable	1,927,485
Purchase of investments	(986,927)
Proceeds from sale of investments	2,511,132
Net Cash Used by Investing Activities	<u>(1,953,450)</u>

(continued)

See notes to consolidated financial statements

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidated Statement of Cash Flows

Year Ended December 31, 2018

(continued)

### CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from contributions and collections on pledges restricted for:	
Investment in endowment	420
Land, buildings and equipment	2,669,185
Payments on annuity agreements	(130,654)
Face value of new annuities, net of contribution	6,766
Proceeds from new borrowings on line of credit	13,796,006
Payments of principal on line of credit	<u>(11,796,006)</u>
Net Cash Provided by Financing Activities	<u>4,545,717</u>
Net Change in Cash and Cash Equivalents	7,908,097
Cash and Cash Equivalents, Beginning of Year	<u>6,682,252</u>
Cash and Cash Equivalents, End of Year	<u>\$ 14,590,349</u>

### SUPPLEMENTAL CASH FLOW DISCLOSURES:

Cash paid for interest	<u>\$ 38,165</u>
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See notes to consolidated financial statements

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 1. NATURE OF ORGANIZATION:

The purpose of Word of Life Fellowship, Inc. (the Fellowship) is worldwide evangelism and discipleship through various means, including camps, evangelistic rallies and outreach, gospel musical/drama productions, Bible Institutes, Bible clubs, and radio. The Fellowship is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Fellowship is subject to federal income tax on any unrelated business taxable income. In addition, the Fellowship is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The Fellowship's primary sources of revenue are contributions and program revenue primarily consisting of Bible Institute, camps and conference revenues.

The Word of Life Foundation, Inc. (Foundation) is organized as a New York non profit corporation. The Foundation is organized and operated exclusively to support the overall mission and vision of the Fellowship. The Fellowship will oversee the affairs of the Foundation and ensure that all actions of the Foundation are consistent with the mission, vision, values and purposes of the Fellowship. The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Foundation is subject to federal income tax on any unrelated business taxable income. In addition, the Foundation is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting. The consolidated financial statements do not include the financial position, results of activities, or cash flows of Word of Life affiliated organizations outside of the United States, which are separate foreign corporations.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial resources and activities of Word of Life Fellowship, Inc. and Word of Life Foundation, Inc. All material transactions and balances between the two organizations have been eliminated in the consolidated financial statements. Word of Life Fellowship, Inc. and Subsidiary shall be referred to as "Word of Life" throughout these notes to the consolidated financial statements.

#### ESTIMATES

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

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CASH AND CASH EQUIVALENTS

Word of Life considers all highly liquid instruments with maturities of three months or less when purchased to be cash and cash equivalents. Certain items meet the definition of cash equivalents but are part of a larger pool of investments and are classified as long-term investments in the consolidated statement of financial position. At times, these balances may exceed federal deposit insurance limits. At December 31, 2018, cash and cash equivalents exceeded FDIC insured limits by approximately \$15,160,000. However, Word of Life has not experienced losses on these accounts and management does not believe it is exposed to any significant risk.

#### ACCOUNTS RECEIVABLE

Bible Institute accounts receivable and other accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Word of Life management determines a Bible Institute receivable to be delinquent when the academic year has been completed and a student still has an outstanding payment due and has not made arrangement for such payment. Other accounts receivable balances are considered delinquent when they remain unpaid more than 30 days after the occurrence of the event or service that generated the receivable. Management's policy for placing receivables on nonaccrual status is determined on a case by case basis. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for uncollectible accounts as of December 31, 2018, was \$291,396, for Bible Institute accounts receivable. There was no allowance for other accounts receivable as management believes all are collectible.

#### INVENTORY

Inventory is stated at the lower of cost or market using the first-in first-out method and consists of various literature, media, food and other items held for sale, use and distribution. No reserve for obsolescence is recorded because items that are subject to obsolescence are not included in the inventory valuation.

#### NOTES RECEIVABLE

Notes receivable are carried at unpaid principal balances. Interest on notes receivable are recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding. Word of Life evaluates all notes receivable for impairment on an individual basis if the note receivable is more than 30 days delinquent. The note receivable is then given a specific allowance based on estimated net realizable value. Status for performing and nonperforming notes receivable is based on payment activity for the year. Payment activity is reviewed by management and notes receivable are considered to be nonperforming when payments are not received in accordance with the agreed upon schedule. All notes receivable were current as of December 31, 2018; therefore, all notes receivable are considered performing and no impairment was recorded.

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PROPERTIES SUBJECT TO LIFE ESTATES

A life estate agreement exists between Word of Life and one of its donors. The agreement gives Word of Life a one hundred percent interest in the personal residence of the donor. The donor has the sole right to occupy the premises as a life tenant with Word of Life being the remainder beneficiary of one hundred percent interest in the property. On an annual basis, Word of Life revalues the present value of the remaining future liability based upon appropriate assumptions. Properties subject to life estates are reported net of accumulated depreciation of \$178,750 for the year ended December 31, 2018.

#### LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are capitalized at cost at the date of purchase if that cost is in excess of \$10,000. Donated fixed assets are capitalized at fair value on the date of the gift if that value is in excess of \$10,000. Expenditures for routine repairs and maintenance are expensed when incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is reported as income. Contributions of cash or securities that must be used to acquire land, buildings and equipment are reported as increases in net assets with donor restrictions. Release from net assets with donor restrictions occurs when the land, buildings and equipment are purchased and placed in to service, unless otherwise specified by a donor. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Estimated useful lives are:

Buildings and improvements	7 to 50 years
Furniture and equipment	5 to 20 years
Vehicles and boats	3 to 10 years

#### LONG-TERM INVESTMENTS

Investments consist of money market funds, equity and debt securities and are stated at fair value. Realized and unrealized gains and losses are included as revenue either with or without donor restrictions in the consolidated statement of activities. Donated securities are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

#### FAIR VALUE MEASUREMENTS

Word of Life uses appropriate valuation techniques to determine fair value based on inputs available. When available, Word of Life measures fair value using Level 1 inputs (quoted prices in active markets for identical assets) because they generally provide the most reliable evidence of fair value. Level 3 inputs (significant unobservable inputs) are only used when Level 1 or Level 2 inputs (significant other observable inputs) were not available.

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FAIR VALUE MEASUREMENTS, continued

Fair values of assets measured on a recurring basis at December 31, 2018, are as follows:

	Level 1	Level 2	Level 3	Total
Long-term investments:				
Bonds:				
Corporate bonds	\$ -	\$ 2,880,465	\$ -	\$ 2,880,465
U.S. Government agency bonds	-	987,814	-	987,814
	-	3,868,279	-	3,868,279
Common stocks	5,094	-	-	5,094
Inter-mission gift annuity investment	-	60,445	-	60,445
Mutual and exchange traded funds:				
Fixed income funds	889,449	-	-	889,449
Index funds	296,837	-	-	296,837
Blend funds	504,491	-	-	504,491
Growth funds	38,456	-	-	38,456
	1,729,233	-	-	1,729,233
	\$ 1,734,327	\$ 3,928,724	\$ -	5,663,051
Cash and cash equivalents in brokerage accounts, held at cost				329,472
				\$ 5,992,523

Valuation techniques

Fair values for money market mutual funds, bonds, common stocks, mutual and exchange traded funds, U.S. government agency obligations and inter-mission gift annuity investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ANNUITIES PAYABLE

Word of Life has established a gift annuity plan whereby donors may contribute assets to the organization, in exchange for the right to receive a fixed dollar annual return during their lifetimes. These transactions provide for a portion of the transfer to be considered a charitable contribution for income tax purposes at the date of the gift.

The difference between the amount of the annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution at the date of the gift. Upon the death of the annuitant (or the last joint annuitant) income distributions cease. The annuity liability is revalued annually using a discount rate established at the inception of the agreement and appropriate actuarial assumptions. The resulting actuarial gain or loss is recorded as change in value in the consolidated statement of activities. Word of Life is required to maintain legally mandated reserves for the States of New York and New Jersey. At December 31, 2018, Word of Life was in compliance with each of these requirements.

#### CLASSES OF NET ASSETS

The net assets of Word of Life are classified into net asset categories as follows:

*Net assets without donor restrictions* include gifts for the general operations of Word of Life, donor advised funds, those resources invested in land, building and equipment (net of related debt) and required annuity reserves.

*Net assets with donor restrictions* are those contributed with donor stipulations for specific operating purposes and programs, those with time restrictions or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interest has ceased. Net assets with donor restrictions also include pledges receivable, additional annuity reserves required by state law, Word of Life's interest in properties subject to life estates and accumulated endowment earnings that are restricted by the donor for a particular purpose or whose use is unrestricted but has not yet been appropriated for expenditure. Net assets with donor restrictions also include those that are subject to donor-imposed restrictions that will never lapse, thus requiring the funds to be permanently retained. Generally, the donors of these funds permit Word of Life to use all or part of the income earned on related investments or other assets, and the net capital appreciation thereon, for general or specific purposes.

#### DONOR ADVISED FUNDS

Word of Life maintains certain donor advised funds which are funds that are separately identified on the books and records of Word of Life by reference to contributions by a donor or donors. These funds are owned and controlled by Word of Life, with respect to which such donor (or other persons appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such funds.

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE AND RELEASES

Contributions are recorded when made, which may be when cash is received, or when unconditional promises are made. Contributions restricted by the donor for a specific purpose are recorded as support in net assets with donor restrictions until funds have been expended by Word of Life for the purposes specified. Upon satisfaction of the restriction, net assets with donor restrictions are released and reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Donated assets are recorded at their fair market value on the date of donation.

Word of Life received approximately 54% of its contributions, including contributions to donor advised funds and the capital campaign, from four donors, which includes board members and other related parties, during 2018.

Unconditional promises to give are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. 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, when appropriate, using interest rates commensurate with the risks involved. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

It is the policy of Word of Life to record for the period contributions considered to be in transit at the close of the period, that is, those dated in December and received during January, as contributions in transit.

Program income is recorded when earned, which is when the product or service has been provided. Sales are recorded when the goods have been provided to the customer. Investment income is recorded in the month it is earned. Other income is recorded when earned.

#### ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the organization have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses include depreciation and certain salaries and benefits, utilities, repair and maintenance, printing and postage, and supplies and travel. These expenses are allocated based on estimates of time and effort or based on the programmatic purpose of the asset being depreciated.



# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Word of Life adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources, and disclosures related to functional allocation of expenses were expanded. This has had a material effect on the consolidated financial statements that relates to the form of presentation.

### 3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Word of Life's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, as well as donor advised funds, within one year of the consolidated statement of financial position date.

#### Financial assets:

Cash and cash equivalents	\$ 14,590,349
Contributions in transit	1,237,684
Bible Institute accounts receivable, net	383,795
Other accounts receivable	371,128
Accrued interest receivable	48,538
Pledges receivable, net	14,150,521
Notes receivable	2,181,844
Long-term investments	5,992,523
Financial assets, at year end	<u>38,956,382</u>

#### Less those unavailable for general expenditure within one year, due to:

Gift annuity liability - actuarial reserve	(955,868)
Gift annuity statutorily required surplus	(248,822)
Other accounts receivable collectible beyond one year	(131,800)
Pledges receivable restricted for purchase of land, buildings and equipment	(13,899,549)
Notes receivable collectible beyond one year	(200,000)
Financial assets held in donor advised funds	(15,939,832)
Restricted by donors for purchase of land, buildings and equipment	(1,716,122)
Restricted by donors in perpetuity	(1,845,425)
Subject to appropriation from endowment	(30,979)
	<u>(34,968,397)</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,987,985</u>
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# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

Word of Life is substantially supported by contributions on an unrestricted and restricted basis. Those contributions with donor restriction require resources to be used in a particular manner or in a future period. Word of Life must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of Word of Life's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage liquidity needs, Word of Life maintains a line of credit in the amount of \$2,000,000 (Note 12).

4. PLEDGES RECEIVABLE:

Pledges receivable consist of unconditional promises to give and consist of the following at December 31, 2018:

Amounts due in less than one year	\$ 13,564,420
Amounts due in one to two years	693,660
Less allowance for uncollectible pledges	<u>(107,559)</u>
	<u>\$ 14,150,521</u>

5. INVENTORIES:

Inventories consist of the following at December 31, 2018:

Bookstore	\$ 281,759
Publications and curriculum for resale	249,743
Recreational vehicles for sale	66,317
Food supplies	64,723
Maintenance and housekeeping supplies	<u>9,866</u>
	<u>\$ 672,408</u>

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

6. NOTES RECEIVABLE:

Word of Life has certain notes receivable that are in place because of their benefit to Word of Life and/or the furtherance of Word of Life's mission. Notes receivable consist of the following at December 31, 2018:

Note receivable from a company controlled by a board member. The board member made gifts of closely held stock to Word of Life. The company then agreed to repurchase the stock from Word of Life in the form of an interest bearing note receivable with a fixed interest rate of 2.82%, maturing in February 2019. The note receivable is payable in nine consecutive annual installments commencing in February 2011. Current annual payments of principal and interest are \$2,037,029.

\$ 1,981,844

Note receivable from an unrelated ministry, with a fixed interest rate of 5%, maturing in July 2021. Current quarterly payments of \$2,500 are interest only with the full balance due on or before the maturity date.

200,000

\$ 2,181,844

Accrued interest receivable on notes receivable amounted to \$48,538 for the year ended December 31, 2018.

Principal payments on the notes receivable for the succeeding three years are as follows:

Year Ending December 31,

2019 \$ 1,981,844

2020 -

2021 200,000

\$ 2,181,844

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

7. LAND, BUILDINGS AND EQUIPMENT, NET:

Land, buildings and equipment, net, consist of the following at December 31, 2018:

Land	\$ 3,148,828
Buildings and improvements	56,736,187
Furniture and equipment	3,164,376
Vehicles and boats	2,466,599
	<hr/>
	65,515,990
Less accumulated depreciation	(26,062,962)
	<hr/>
	39,453,028
Construction in progress	5,614,259
	<hr/>
	\$ 45,067,287
	<hr/>

Depreciation expense for the year ended December 31, 2018, amounted to \$1,963,655.

8. LONG-TERM INVESTMENTS:

Long-term investments consist of the following at December 31, 2018:

Government and corporate bonds	\$ 3,868,279
Mutual and exchange traded funds	1,729,233
Cash and cash equivalents held in brokerage accounts	329,472
Inter-mission gift annuity investment	60,445
Common stocks	5,094
	<hr/>
	\$ 5,992,523
	<hr/>

A substantial portion of investments are related to Word of Life's gift annuity program, endowment fund, and donor advised funds. Investments relating to the gift annuity program amounted to \$1,426,910 at December 31, 2018. Investments relating to the endowment fund amounted to \$1,873,840 at December 31, 2018. Investments relating to donor advised funds amounted to \$2,613,554 at December 31, 2018.

In addition to the investment income recorded on the consolidated statement of activities, the annuity investments earned \$64,985 in interest and dividends and (\$92,153) in realized and unrealized (losses) for a total of (\$27,168) for the year ended December 31, 2018. This is reflected on the consolidated statement of activities as a component of the change in value of gift annuities.

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

8. LONG-TERM INVESTMENTS, continued:

Risks and Uncertainties Related to Investments

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of Word of Life's investments and total net assets balance could fluctuate materially. Word of Life maintains custody accounts with various custodians. Although Word of Life monitors the custodians and believes that they are appropriate custodians, there is no guarantee that the custodians, or any other custodians that Word of Life may use from time to time, will not become insolvent. Word of Life believes that, in the event of the insolvency of one of its custodians, some of Word of Life's assets may be unavailable for a period of time, but that it would ultimately have full recovery of its assets.

9. DEFINED CONTRIBUTION PENSION PLAN:

Word of Life established a Defined Contribution Retirement Plan for the benefit of all eligible employees and their beneficiaries. To be eligible, an employee must be 21 years of age, employed by Word of Life for one year, and be full-time status. Word of Life provides a matching contribution of 30 percent of the employee contribution, up to 6 percent of compensation. Employees are allowed to contribute to the plan through 401(k) salary deferrals. The employer's portion expensed for 2018, was \$145,880.

10. INTERNATIONAL MINISTRY PARTNERS:

Word of Life facilitates a procedure that allows missionaries working for Word of Life's international ministry partners to save for retirement. Word of Life administers investment accounts on behalf of the missionaries who participate. The "plan" is open only to approved missionaries who reside outside of the United States, are not United States citizens and are not on Word of Life's payroll. Word of Life does not make matching contributions.

11. DEFERRED REVENUE:

Deferred revenue consists of the following at December 31, 2018:

Short-term deferred revenue:

Bible Institute tuition, student activities, and room and board	\$ 649,369
Advance seasonal reservations	766,485
Multi-year advance conference reservations	73,197
	<u>1,489,051</u>

Long-term deferred revenue:

Advance seasonal reservations	69,304
Multi-year rental and advance conference reservations	116,850
	<u>186,154</u>
	<u>\$ 1,675,205</u>

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 12. LINE OF CREDIT PAYABLE:

Line of credit payable consists of the following at December 31, 2018:

Line of credit payable to a bank (\$2,000,000 limit) secured by Word of Life properties and due on demand with an interest rate of prime plus .25% adjusted monthly (interest rate at December 31 was 5.50%), expiring in September 2019.

\$ 2,000,000

Word of Life also has three letters of credit outstanding with a bank. There are two for \$25,000 each expiring in June 2019 and the other is for \$95,400 expiring in December 2019. The letters of credit were unused at December 31, 2018.

### 13. CHANGE IN VALUE OF GIFT ANNUITY LIABILITY ACTUARIAL RESERVE:

Change in value of gift annuity liability actuarial reserve consists of the following for the year ended December 31, 2018:

Investment income:

Interest and dividend income	\$ 64,985
Investment fees	(8,225)
Realized gain on sale of investments	13,883
Unrealized gain (loss) on investments	<u>(106,036)</u>
	(35,393)

New annuities - whole amount	15,000
New annuities - gift portion	(8,234)
Payments to annuitants	(130,654)
Change in actuarial reserve	<u>97,616</u>

\$ (61,665)

During 2018, Word of Life received \$15,000 from new gift annuity agreements, of which \$8,234 is recorded as a contribution and \$6,766 was added to gift annuity liabilities – actuarial reserve. Additionally, the statutorily required surplus decreased by \$16,228 in 2018.

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 14. NET ASSETS:

At December 31, 2018, net assets consist of:

Without donor restrictions:

Undesignated	\$ (6,894,274)
Donor advised funds	15,939,832
Invested in land, buildings and equipment, net	<u>45,067,287</u>

Total without donor restrictions

54,112,845

With donor restrictions:

Subject to expenditure for specified purpose or passage of time	22,471,270
Subject to restriction in perpetuity - endowment	<u>1,845,425</u>

Total with donor restrictions

24,316,695

Total net assets

\$ 78,429,540

### DONOR ADVISED FUNDS

Donor advised fund activity for the year ended December 31, 2018, was as follows:

Donor advised fund net assets, beginning of year	\$ 11,759,211
Changes in donor advised funds:	
Contributions to donor advised funds	14,548,440
Investment income on assets in donor advised funds	94,635
Distributions from donor advised funds	<u>(10,462,454)</u>
	<u>4,180,621</u>
Donor advised fund net assets, end of year	<u><u>\$ 15,939,832</u></u>

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

14. NET ASSETS, continued:

NET ASSETS WITH RESTRICTIONS SUBJECT TO EXPENDITURE FOR SPECIFIED PURPOSES OR PASSAGE OF TIME

Net assets with restrictions subject to expenditure for specified purposes or passage of time were as follows for the year ended December 31, 2018:

	Beginning Balance	Additions and Other Changes	Releases	Ending Balance
Purpose restricted:				
International ministries missions support	\$ 2,726,990	\$ 12,590,250	\$ (12,141,453)	\$ 3,175,787
Local church ministries missions support	537,052	2,175,975	(2,297,553)	415,474
Evangelism and short-term missions	34,076	528,844	(560,066)	2,854
Bible Institute scholarships	336,517	(66,563)	(166,191)	103,763
Needy camper aid	82,185	(4,404)	(42,470)	35,311
Fellowship projects	630,642	2,698,005	(1,605,920)	1,722,727
International ministries projects	2,807,604	2,524,741	(2,914,003)	2,418,342
Local church ministries projects	82,211	141,173	(121,965)	101,419
	7,237,277	20,588,021	(19,849,621)	7,975,677
Time restricted:				
Properties subject to life estates	101,056	8,944	(13,750)	96,250
Gift annuity statutorily required surplus	265,050	(16,228)	-	248,822
Pledges receivable	289,156	13,861,365	-	14,150,521
	655,262	13,854,081	(13,750)	14,495,593
	\$ 7,892,539	\$ 34,442,102	\$ (19,863,371)	\$ 22,471,270

During 2018, Word of Life began a capital campaign to raise funds to construct a new dormitory and new health and athletic center on the New York Bible Institute campus, a new pavilion, 6 new cabins, remodeling of the dining room and some infrastructure projects on Word of Life Island and 4 new cabins and an activity hub which includes a new pool, locker rooms and snack shack area at the Word of Life Florida Youth Camp. As of December 31, 2018, Word of Life received cash gifts of \$1,844,177 and outstanding pledge commitments of \$13,861,365. Project expenses incurred through December 31, 2018, were \$305,019. Subsequent to year end, Word of Life has raised an additional \$2,396,134 towards the capital campaign. In 2019, Word of Life entered into contracts related to construction of the dormitory and health and athletic center for the amounts of \$3,140,127 and \$11,129,053, respectively.



# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 14. NET ASSETS, continued:

#### ENDOWMENT FUNDS

Word of Life's endowments include donor-restricted funds and consist of individual funds established for the Bible Institute scholarships and Needy Camper aid. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Word of Life classifies as net assets with donor restrictions that are subject to restriction in perpetuity (a) the original value of gifts and subsequent gifts donated to the donor-restricted permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions that are subject to restriction in perpetuity is classified as net assets with donor restrictions that are subject to expenditure for specified purpose or passage of time until those amounts are appropriated for expenditure by Word of Life.

Word of Life considers the following factors in making a determination to appropriate accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Word of Life and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Word of Life
7. The investment policies of Word of Life

As of December 31, 2018, all endowment funds held by Word of Life are donor-restricted permanent endowments. Word of Life did not hold any term endowments or board-designated quasi-endowments as of and for the year ended December 31, 2018.

Changes in donor-restricted endowment net assets for the year ended December 31, 2018, are as follows:

	Original Gift Amount	Accumulated Gains (Losses)	Total
Endowment net assets, beginning of year	\$ 1,845,005	\$ 269,367	\$ 2,114,372
Investment return	-	(142,388)	(142,388)
Contributions	420	-	420
Amounts appropriated for expenditure	-	(96,000)	(96,000)
	<u>420</u>	<u>(238,388)</u>	<u>(237,968)</u>
Endowment net assets, end of year	<u>\$ 1,845,425</u>	<u>\$ 30,979</u>	<u>\$ 1,876,404</u>

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

### 14. NET ASSETS, continued:

ENDOWMENT FUNDS, continued

#### Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the endowment agreement requires Word of Life to retain as a fund of perpetual duration. As of December 31, 2018, there were no endowments for which the fair value of assets associated with individual donor-restricted endowment funds fell below the level required by the donor.

#### Return objectives and risk parameters

Word of Life has adopted investment and spending policies for endowment assets that attempt to (a) maintain the historical value of the endowment fund assets and (b) provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that Word of Life must hold in perpetuity, or for donor-specified periods. The investment policy also attempts to maximize the stream of funding within the boundaries of conservative parameters. The current long term return objective is 4.5 percent. Actual returns in any given year may vary from this amount.

#### Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, Word of Life relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). To assure a more predictable stream of funding, assets are invested heavily in individual, investment grade fixed income vehicles. However, there is an allocation of assets in diversified, equity-based investments to help maximize the long-term rate of return and maintain the purchasing power of the endowment assets.

#### Spending policies and how the investment objectives relate to spending policy

The spending policy calculates the amount of money available to be appropriated annually from the endowment funds. The current spending policy is to make available for grant making interest and dividends and net realized appreciation amounts in excess of the endowment corpus. Amounts not distributed will be invested and available in future distributions.

### 15. MANAGEMENT AGREEMENT:

The Foundation and the Fellowship entered into an agreement on January 1, 2012, whereby the Fellowship agrees to provide essential administrative services and assign the Fellowship employees upon mutual agreement of both parties to work at the direction of the officers and board of directors of the Foundation to perform administrative tasks for the Foundation and its responsibilities under this agreement. Each assigned employee shall remain and be considered for legal purposes an employee of the Fellowship and merely assigned to render services to the Foundation to fulfill compatible tax-exempt purposes. The Foundation shall reimburse the Fellowship for the services provided by said assigned employee of the Fellowship. The reimbursement for those services amounted to \$107,000 in 2018. These transactions were eliminated in consolidation.

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2018

16. TRANSACTIONS WITH RELATED PARTIES:

Word of Life conducted the following transactions with related parties in addition to those items disclosed elsewhere in the consolidated footnotes:

- construction services relating to the student life center totaling \$53,303 during the year ended December 31, 2018, were provided to Word of Life by a company whose CEO is a former board member;
- Word of Life purchased vehicles totaling \$50,671 from a company controlled by a board member during the year ended December 31, 2018;
- consulting services and speaking honorariums totaling \$13,800 during the year ended December 31, 2018, were provided to Word of Life by three current board members and a former board member;
- supplemental retirement payments were provided for the benefit of a former management co-director and benevolence payments were provided to the spouse of a former board member totaling \$52,000 during the year ended December 31, 2018;
- donated rent from a company controlled by a board member valued at \$123,590 for the year ended December 31, 2018.

17. HEALTH CARE CONTINGENCY:

Word of Life maintains a self-insurance program for its employee's health care costs. Word of Life is liable for losses on claims up to \$130,000 per claim. Word of Life has third-party insurance coverage for any losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs was \$265,000 at December 31, 2018.

18. CONTINGENT LIABILITIES:

Word of Life is subject to claims and other legal matters that arise in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance and would not have a significant effect on the consolidated financial position or results of operations of Word of Life.

19. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 12, 2019, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

During 2018, Word of Life was approached by Davis College concerning the prospects of merging in to Word of Life Bible Institute. Word of Life responded with a memorandum of understanding (MOU) containing terms. In early 2019, the MOU was approved by the board of Davis College. Since the date of the approval of the MOU, Word of Life and Davis College have begun the due diligence process and have been in consultation with appropriate accrediting agencies and the New York State Department of Education. The accrediting agencies and the New York State Department of Education have approved a shared services agreement between the two schools to initiate the process of moving forward.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Word of Life Fellowship, Inc. and Subsidiary  
Schroon Lake, New York

We have audited the consolidated financial statements of Word of Life Fellowship, Inc. and Subsidiary as of and for the year ended December 31, 2018, and our report thereon dated July 12, 2019, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Capin Crouse LLP*

New York, New York  
July 12, 2019

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidating Schedule of Financial Position

December 31, 2018

	Word of Life Fellowship, Inc.	Word of Life Foundation, Inc.	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,499,453	\$ 11,090,896	\$ -	\$ 14,590,349
Contributions in transit	1,237,684	-	-	1,237,684
Bible Institute accounts receivable, net	383,795	-	-	383,795
Other accounts receivable	371,128	-	-	371,128
Prepaid expenses	257,364	-	-	257,364
Accrued interest receivable	-	48,538	-	48,538
Inventories	672,408	-	-	672,408
Pledges receivable, net	14,150,521	-	-	14,150,521
Notes receivable	-	2,181,844	-	2,181,844
Properties subject to life estates, net	96,250	-	-	96,250
Land, buildings and equipment, net	45,067,287	-	-	45,067,287
Long-term investments	3,384,171	2,608,352	-	5,992,523
	<u>\$ 69,120,061</u>	<u>\$ 15,929,630</u>	<u>\$ -</u>	<u>\$ 85,049,691</u>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,989,078	\$ -	\$ -	\$ 1,989,078
Deferred revenue	1,675,205	-	-	1,675,205
Line of credit payable	2,000,000	-	-	2,000,000
Gift annuity liability-actuarial reserve	955,868	-	-	955,868
Total liabilities	<u>6,620,151</u>	<u>-</u>	<u>-</u>	<u>6,620,151</u>
<b>Net assets:</b>				
Without donor restrictions	38,183,215	15,929,630	-	54,112,845
With donor restrictions	24,316,695	-	-	24,316,695
Total net assets	<u>62,499,910</u>	<u>15,929,630</u>	<u>-</u>	<u>78,429,540</u>
Total Liabilities and Net Assets	<u>\$ 69,120,061</u>	<u>\$ 15,929,630</u>	<u>\$ -</u>	<u>\$ 85,049,691</u>

See auditors' report on supplementary information

# WORD OF LIFE FELLOWSHIP, INC. AND SUBSIDIARY

## Consolidating Schedule of Activities

Year Ended December 31, 2018

	Word of Life Fellowship, Inc.	Word of Life Foundation, Inc.	Eliminations	Total
<b>SUPPORT AND REVENUE:</b>				
Contributions	\$ 45,848,593	\$ 14,548,440	\$ (7,842,801)	\$ 52,554,232
Programs (net of student discounts of \$2,322,481 and camp and conference discounts of \$2,884,942)	14,406,814	-	-	14,406,814
Bookstore and other sales (net of cost of goods sold of \$458,091)	211,249	-	-	211,249
Interest and dividend income	99,122	94,998	-	194,120
Realized and unrealized loss on investments	(257,158)	(68,945)	-	(326,103)
Interest income on notes receivable	-	73,298	-	73,298
Change in value of gift annuities	61,665	-	-	61,665
Change in value of properties subject to life estates	8,944	-	-	8,944
Other	17,798	-	-	17,798
<b>Total support and revenue</b>	<b>60,397,027</b>	<b>14,647,791</b>	<b>(7,842,801)</b>	<b>67,202,017</b>
<b>EXPENSES:</b>				
Program services:				
Local church ministries	3,864,853	-	-	3,864,853
Bible Institute	11,162,021	-	-	11,162,021
International ministries	17,787,084	-	-	17,787,084
Camps - New York	5,952,793	-	-	5,952,793
Camps - Florida	2,008,134	-	-	2,008,134
Foundation	-	10,316,593	(7,746,501)	2,570,092
Other ministries	788,363	-	-	788,363
<b>Total program services</b>	<b>41,563,248</b>	<b>10,316,593</b>	<b>(7,746,501)</b>	<b>44,133,340</b>
Supporting services:				
Management and general	1,806,537	77,008	(64,200)	1,819,345
Development	2,152,598	68,853	(32,100)	2,189,351
<b>Total supporting services</b>	<b>3,959,135</b>	<b>145,861</b>	<b>(96,300)</b>	<b>4,008,696</b>
<b>Total expenses</b>	<b>45,522,383</b>	<b>10,462,454</b>	<b>(7,842,801)</b>	<b>48,142,036</b>
<b>Change in Net Assets</b>	<b>14,874,644</b>	<b>4,185,337</b>	<b>-</b>	<b>19,059,981</b>
<b>Net Assets, Beginning of Year</b>	<b>47,625,266</b>	<b>11,744,293</b>	<b>-</b>	<b>59,369,559</b>
<b>Net Assets, End of Year</b>	<b>\$ 62,499,910</b>	<b>\$ 15,929,630</b>	<b>\$ -</b>	<b>\$ 78,429,540</b>

See auditors' report on supplementary information