

FAR EAST BROADCASTING COMPANY, INC.

FINANCIAL STATEMENTS
With Independent Auditors' Report

June 30, 2011 and 2010

FAR EAST BROADCASTING COMPANY, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5
Supplemental Information	
Independent Auditors' Report on Supplemental Data	21
Schedules of Functional Expenses	22

INDEPENDENT AUDITORS' REPORT

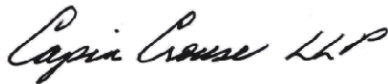
Audit Committee
Far East Broadcasting Company, Inc.
La Mirada, California

We have audited the accompanying statements of financial position of Far East Broadcasting Company, Inc. (FEBC) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of FEBC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Far East Broadcasting Company, Inc. as of June 30, 2011 and 2010, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2, FEBC has adopted the Improving Disclosures about Fair Value Measurements Topic of the Financial Accounting Standards Board Accounting Standards Codification. The adoption of this standard had no impact on previously reported net assets.



Brea, California
December 21, 2011

FAR EAST BROADCASTING COMPANY, INC.

Statements of Financial Position

	June 30,	
	2011	2010
ASSETS:		
Cash and cash equivalents	\$ 1,022,787	\$ 1,156,443
Accounts receivable - net of \$6,000 allowance each year	118,519	92,851
Prepaid expenses and other assets	103,525	80,508
Investments	1,699,779	2,138,309
Estate and trust receivables	538,012	209,670
Contributions receivable	15,000	100,000
Notes receivable, net of \$64,495 allowance each year	2,003	2,821
Fiduciary fund assets	5,242,994	5,106,388
Land, buildings, and equipment - at cost, net	1,586,570	2,046,814
	<u>\$ 10,329,189</u>	<u>\$ 10,933,804</u>
Total Assets	<u>\$ 10,329,189</u>	<u>\$ 10,933,804</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 152,268	\$ 65,391
Accrued expenses	162,451	182,321
Fiduciary obligations	3,412,192	3,419,621
Total liabilities	<u>3,726,911</u>	<u>3,667,333</u>
Unrestricted net assets:		
Undesignated	2,816,926	2,781,385
Designated	2,643,178	2,987,144
Total unrestricted net assets	<u>5,460,104</u>	<u>5,768,529</u>
Temporarily restricted	1,142,174	1,497,942
Total net assets	<u>6,602,278</u>	<u>7,266,471</u>
Total Liabilities and Net Assets	<u>\$ 10,329,189</u>	<u>\$ 10,933,804</u>

See notes to financial statements

FAR EAST BROADCASTING COMPANY, INC.

Statements of Activities

	Year Ended June 30,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 2,059,744	\$ 5,106,872	\$ 7,166,616	\$ 1,992,621	\$ 4,527,560	\$ 6,520,181
Trust and estate income	887,695	-	887,695	604,876	-	604,876
Broadcast revenue	461,481	-	461,481	520,812	-	520,812
Investment income	79,569	60,707	140,276	85,819	(33,626)	52,193
Change in fiduciary obligations	119,913	14,670	134,583	33,497	14,190	47,687
Other income	1,384	9,693	11,077	17,052	1,393	18,445
Net assets released from restrictions:						
Assessments	380,751	(380,751)	-	278,721	(278,721)	-
Satisfaction of program restrictions	5,166,959	(5,166,959)	-	4,294,209	(4,294,209)	-
	9,157,496	(355,768)	8,801,728	7,827,607	(63,413)	7,764,194
EXPENSES:						
Program ministries:						
Broadcast operations	7,520,513	-	7,520,513	6,425,345	-	6,425,345
Supporting activities:						
General and administrative	785,828	-	785,828	794,955	-	794,955
Fundraising	1,159,580	-	1,159,580	1,253,629	-	1,253,629
Total supporting services	1,945,408	-	1,945,408	2,048,584	-	2,048,584
Total Expenses	9,465,921	-	9,465,921	8,473,929	-	8,473,929
Change in Net Assets	(308,425)	(355,768)	(664,193)	(646,322)	(63,413)	(709,735)
Net Assets, Beginning of Year	5,768,529	1,497,942	7,266,471	6,414,851	1,561,355	7,976,206
Net Assets, End of Year	\$ 5,460,104	\$ 1,142,174	\$ 6,602,278	\$ 5,768,529	\$ 1,497,942	\$ 7,266,471

See notes to financial statements

FAR EAST BROADCASTING COMPANY, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (664,193)	\$ (709,735)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	466,034	127,488
Non-cash gifts	(158,740)	(69,648)
Realized and unrealized gain on investments	(4,862)	(23,471)
Realized and unrealized gain on fiduciary fund assets	(257,157)	(186,373)
(Gain) loss on sale of equipment	29,600	(7,500)
Actuarial gain on fiduciary obligations	(7,429)	(73,864)
Impairment of land	-	63,729
Net change in:		
Accounts receivable	(25,668)	(2,484)
Estate and trust receivables	(328,342)	21,840
Prepaid expenses and other assets	(23,017)	(17,634)
Accounts payable	86,877	(11,077)
Accrued expenses	(19,870)	6,341
Net Cash Used in Operating Activities	(906,767)	(882,388)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment	(35,390)	(38,122)
Proceeds from sale of equipment	-	16,200
Acquisition of investments	(3,362,075)	(77,118)
Proceeds from sale of investments	4,477,210	1,611,991
Collections on fiduciary fund assets	85,818	2,357
Net Cash Provided by Investing Activities	1,165,563	1,515,308
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on fiduciary obligations	(392,452)	(379,384)
Proceeds funding new fiduciary agreements	-	82,859
Net Cash Used in Financing Activities	(392,452)	(296,525)
Increase (Decrease) in Cash and Cash Equivalents	(133,656)	336,395
Cash and Cash Equivalents, Beginning of Year	1,156,443	820,048
Cash and Cash Equivalents, End of Year	\$ 1,022,787	\$ 1,156,443

See notes to financial statements

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

1. NATURE OF ORGANIZATION:

Far East Broadcasting Company, Inc. (FEBC) is a nonprofit Christian broadcasting corporation dedicated to serving people, primarily in Asia, by developing and delivering radio programming to move listeners toward Jesus Christ and his kingdom.

FEBC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). It is also exempt from state income taxes. Contributions by the public are deductible for income tax purposes. FEBC has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

For the year ended June 30, 2011, approximately 11% of FEBC's contributions consisted of trust and estate gifts. Approximately 7% of contributions were received from other FEBC sending fields (see note 8), and approximately 16% of contributions were received from churches, foundations, ministries and other institutions. Remaining contributions were received from individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of FEBC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents include cash on hand and on deposit. These accounts may, at times, exceed federally insured limits. FEBC has not experienced any losses on such accounts.

INVESTMENTS

Investments are carried on the following basis:

- Investments in marketable debt securities, mutual funds, government securities, and equity securities with readily determinable fair values are reported at fair value.
- Investments in limited partnerships, closely-held stocks, and property held for investment purposes are carried at appraisal value, which approximates fair value.
- Donated investments are recorded at market value on the date of donation and are thereafter carried in accordance with the above provisions.
- Life insurance policies are carried at cash surrender value, which approximates fair value.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE, ESTATE AND TRUST RECEIVABLES, AND NOTES RECEIVABLE

Accounts, estate and trust, and notes receivable are reported net of any anticipated losses due to uncollectible accounts. Accounts receivables include amounts due to FEBC for airing programs on FEBC's stations.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of receivables at the end of each year. The allowance for the years ended June 30, 2011 and 2010, was \$64,495 and \$50,495, respectively.

CONTRIBUTIONS RECEIVABLE

Unconditional promises-to-give are recognized as income when received and recorded at fair value based upon estimated future cash flows. All contributions receivable are expected to be collected within one year and are recorded at net realizable value.

LAND, BUILDINGS, AND EQUIPMENT

Expenditures for property and equipment over \$1,500 are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from 3 to 10 years for equipment and from 20 to 40 years for buildings and improvements.

NET ASSETS

The financial statements report amounts by class of net assets:

Unrestricted net assets are those currently available at the discretion of the board for use in FEBC's operations or designated for specific purposes and those resources invested in land, buildings, and equipment.

Temporarily restricted net assets are those which are stipulated by donors for specific operating purposes or for capital projects.

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions.

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when the property or other long-lived asset is placed in service.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PUBLIC SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to FEBC. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met. FEBC receives non-cash gifts which are recorded as support at the estimated fair market value on the date of the gift. Goods given to FEBC that do not have an objective basis for valuation are not recorded.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities.

ALLOCATION OF JOINT COSTS

FEBC has adopted the Accounting for Costs of Activities that Include Fundraising Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This Topic requires all costs that contain any fundraising appeal be allocated to fundraising unless all of the following three tests are met: purpose, audience, and content (see note 11).

USE OF ESTIMATES

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

RECENTLY ISSUED ACCOUNTING STANDARDS

In January 2010, The FASB issued ASU No. 2010-06, Improving Disclosures about Fair Value Measurements. This amends the Fair Value Measurement and Disclosures topic of the ASC to require additional disclosures. Effective for years beginning after December 15, 2009, the guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers, and to report fair values based on class rather than category. Effective for years beginning after December 15, 2010, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation. FEBC adopted ASU 2010-06 effective June 30, 2011. The only impact was inclusion of additional disclosures in notes 3 and 4.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

3. INVESTMENTS:

The carrying value of FEBC's investments at June 30, 2011 and 2010, are as follows:

	June 30,	
	2011	2010
Cash and cash equivalents	\$ 23,048	\$ 23,048
Investments:		
Money market accounts	996,324	1,248,462
Mutual funds	680,407	866,799
	<u>\$ 1,699,779</u>	<u>\$ 2,138,309</u>

The Fair Value Measurements and Disclosure Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority. FEBC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the FEBC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or 2 inputs were not available.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

3. INVESTMENTS, continued:

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2011 and 2010:

As of June 30, 2011:

	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market accounts	\$ 996,324	\$ 996,324	\$ -	\$ -
Mutual funds				
Equity mutual funds				
Large Cap	28,761	28,761	-	-
Small Cap	29,095	29,095	-	-
International stock	28,702	28,702	-	-
Emerging markets	86,203	86,203	-	-
Convertible securities	28,588	28,588	-	-
Bond mutual funds				
Corporate bonds	179,414	179,414	-	-
Inflation protected bonds	65,209	65,209	-	-
Government bonds	71,738	71,738	-	-
Commodities	27,488	27,488	-	-
Real estate	14,497	14,497	-	-
Long/short funds	14,293	14,293	-	-
High yield bonds	106,419	106,419	-	-
	<u>\$ 1,676,731</u>	<u>\$ 1,676,731</u>	<u>\$ -</u>	<u>\$ -</u>

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

3. INVESTMENTS, continued:

As of June 30, 2010:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market accounts	\$ 1,248,462	\$ 1,248,462	\$ -	\$ -
Mutual funds	866,799	866,799	-	-
	\$ 2,115,261	\$ 2,115,261	\$ -	\$ -

Investment income consists of:

	June 30,	
	2011	2010
Interest on notes receivable	\$ 174	\$ 364
Other interest and dividends	135,240	28,358
Realized and unrealized gains on investments	4,862	23,471
	\$ 140,276	\$ 52,193

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

4. FIDUCIARY FUND ASSETS:

The following fiduciary fund assets are held for the benefit of annuitants and trustors:

	June 30,	
	2011	2010
Cash and cash equivalents	\$ 632,935	\$ 87,671
Investments:		
Money market accounts	-	341,160
Mutual funds	1,467,951	1,935,041
Bonds	587,655	-
Indexed annuities	2,401,396	2,589,151
Closely-held stock	91,874	91,874
Limited partnership	60,144	60,144
Mortgage-backed securities	1,039	1,347
	<u>\$ 5,242,994</u>	<u>\$ 5,106,388</u>

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

4. FIDUCIARY FUND ASSETS, continued:

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2011 and 2010:

As of June 30, 2011:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Equity mutual funds				
Large cap	\$ 154,532	\$ 154,532	\$ -	\$ -
Small cap	254,568	254,568	-	-
International stock	330,514	330,514	-	-
Emerging markets	199,357	199,357	-	-
Convertible securities	11,371	11,371	-	-
Bond mutual funds				
Corporate bonds	156,195	156,195	-	-
Inflation protected bonds	91,129	91,129	-	-
Government bonds	93,608	93,608	-	-
International bonds	48,421	48,421	-	-
Commodities	49,467	49,467	-	-
Real estate	17,676	17,676	-	-
Long/short funds	61,113	61,113	-	-
Bonds				
Treasuries	121,483	121,483	-	-
Agency bonds	64,621	64,621	-	-
Core bonds	46,205	46,205	-	-
Corporate bonds	227,785	227,785	-	-
High yield bonds	121,563	121,563	-	-
Indexed annuities	2,401,396	-	2,401,396	-
Closely-held stock	91,874	-	-	91,874
Limited partnership	60,144	-	-	60,144
Mortgage-backed securities	1,039	-	-	1,039
Total	\$ 4,604,061	\$ 2,049,608	\$ 2,401,396	\$ 153,057

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

4. FIDUCIARY FUND ASSETS, continued:

As of June 30, 2010:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,935,041	\$ 1,935,041	\$ -	\$ -
Indexed annuities	2,589,151	-	2,589,151	-
Closely-held stock	91,874	-	-	91,874
Limited partnership	60,144	-	-	60,144
Mortgage-backed securities	1,347	-	-	1,347
 Total	 \$ 4,677,557	 \$ 1,935,041	 \$ 2,589,151	 \$ 153,365

The following is a reconciliation of investments for which significant unobservable inputs (Level 3) were used in determining value:

Balance as of June 30, 2009	\$ 172,750
Total losses (realized and unrealized) included in net investment income	(19,385)
Balance as of June 30, 2010	153,365
Total losses (realized and unrealized) included in net investment income	(308)
Balance as of June 30, 2011	\$ 153,057

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

5. LAND, BUILDINGS, AND EQUIPMENT:

Land, buildings, and equipment consist of the following:

	June 30,	
	2011	2010
Land	\$ 377,353	\$ 413,624
Land improvements	443,773	444,607
Buildings	3,034,608	3,043,070
Equipment	2,670,658	3,916,554
Land, buildings, and equipment - at cost	6,526,392	7,817,855
Less accumulated depreciation	(4,952,997)	(5,781,320)
Construction in progress	13,175	10,279
	<u>\$ 1,586,570</u>	<u>\$ 2,046,814</u>

The carrying value of assets located overseas in Saipan for June 30, 2011 and 2010, was approximately \$552,047 and \$867,883, respectively.

6. FIDUCIARY OBLIGATIONS:

CHARITABLE SAVINGS AGREEMENTS

FEBC has established a plan whereby donors are paid an income return based on charitable savings amounts placed on deposit with FEBC. The donor is permitted to demand repayment of the charitable savings amount under certain circumstances. Any unpaid income, along with the charitable savings amount on deposit, are transferred to FEBC upon the death of the donor.

Since the agreements are revocable, the principal amount is included in fiduciary obligations in the statements of financial position. Income earned on the assets and expenses, including amounts paid to donors, are reflected on the statements of activities under change in fiduciary obligations.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

6. FIDUCIARY OBLIGATIONS, continued:

GIFT ANNUITIES

FEBC 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. This transaction provides for a portion of the transfer to be considered a charitable contribution for income tax purposes.

The difference between the amount contributed for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as unrestricted contributions in the fiduciary fund at the date of the gift.

The present value of the expected payments to the annuitants over their life expectancy is included in fiduciary obligations on the statements of financial position. The annuity liability is revalued annually based upon actuarially computed present values.

The change in the amount of the liabilities, net of investment income, annuitant payments, and terminations is reflected on the statements of activities under change in fiduciary obligations.

IRREVOCABLE AGREEMENTS

As trustee, FEBC administers irrevocable trusts, including charitable remainder unitrusts and charitable remainder annuity trusts. These trusts provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated parties.

The difference between the amount contributed and the liability for future payments, determined on an actuarial basis, is recognized as temporarily restricted contributions in the fiduciary fund at the date of the gift. The difference between the assets in the trust and the liabilities is reported on the statements of financial position as temporarily restricted net assets.

The present value of the expected payments to the trustors over their life expectancies is included in fiduciary obligations on the statements of financial position. The change in the amount of the liabilities, net of investment income, trustor payments and terminations, is reflected in the statements of activities under change in fiduciary obligations.

The expected future interest of beneficiaries other than FEBC is included in fiduciary obligations on the statements of financial position.

The discount rate used in calculating the present value approximates the interest rates on 30-year treasury securities at the time the trust agreements are created. The discount rate is not subsequently revised.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

6. FIDUCIARY OBLIGATIONS, continued:

Fiduciary obligations consist of:

	June 30,	
	2011	2010
Charitable savings agreements	\$ 560,374	\$ 479,342
Gift annuities	2,151,452	2,224,519
Irrevocable agreements	532,866	557,295
Amounts due other beneficiaries	167,500	158,465
	\$ 3,412,192	\$ 3,419,621

The change in fiduciary obligations consists of:

	June 30,	
	2011	2010
Investment income:		
Interest and dividends	\$ 87,467	\$ 92,142
Realized and unrealized gains on investments	257,157	186,373
Investment management fees	(6,597)	(12,556)
	338,027	265,959
Income released as a result of termination of agreement	48,516	58,664
Change in actuarial value	140,492	106,367
Payments to trustors and annuitants and related expenses	(392,452)	(383,303)
	\$ 134,583	\$ 47,687

Contribution income from new agreements for the years ended June 30, 2011 and 2010, was \$0 and \$82,859, respectively, and is included in contributions in the statements of activities.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

7. NET ASSETS:

Net assets consist of:

	June 30,	
	2011	2010
Unrestricted:		
Undesignated:		
Undesignated	\$ 1,019,777	\$ 566,823
Funds held for fields	210,579	167,748
Net investment in land, buildings, and equipment	1,586,570	2,046,814
	2,816,926	2,781,385
Designated:		
Designated by board for fiduciary fund reserves	1,613,197	1,642,871
Designated by board for the Legacy Fund	956,381	1,301,755
Designated by board for projects	73,600	42,518
	2,643,178	2,987,144
Total unrestricted net assets	\$ 5,460,104	\$ 5,768,529
Temporarily Restricted:		
Missionary support	\$ 315,974	\$ 328,963
Operations in foreign countries	605,732	832,879
Other projects	2,243	132,545
Irrevocable agreements	218,225	203,555
	\$ 1,142,174	\$ 1,497,942

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

8. AFFILIATES:

In connection with its worldwide radio ministry, FEBC provides financial support to certain broadcasting stations, located in various foreign countries, that are not under the direct control of the U.S. office. Financial support was provided and is included in broadcast operations expense as follows:

	June 30,	
	2011	2010
Philippines	\$ 623,504	\$ 474,984
Russia	462,530	695,180
Korea	301,786	227,304
Indonesia	299,970	357,095
Thailand	101,040	69,285
Cambodia	91,908	77,008
Mongolia	53,048	62,430
Hong Kong	995,036	99,053
Other countries	913,092	753,123
	<u>\$ 3,841,914</u>	<u>\$ 2,815,462</u>

In addition, financial support is provided to, and received from, other FEBC sending fields in Canada, England, and Asia. Financial support in the amount of \$610,904 and \$592,130 was received from these fields during the years ended June 30, 2011 and 2010, respectively, and is included in contributions in the statements of activities. Financial support was provided to these fields in the amount of \$1,089,464 and \$403,921 during the years ended June 30, 2011 and 2010, respectively, and is included in broadcast operations expense.

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

9. LEASES:

FEBC has various equipment leases that expires through April 2015. Total rental expense under these agreements amounted to approximately \$77,351 and \$57,852 for the years ended June 30, 2011 and 2010, respectively. Total future minimum rental commitments due are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 37,871
2013	13,004
2014	8,052
2015	<u>6,710</u>
	<u><u>\$ 65,637</u></u>

10. RETIREMENT PLAN:

FEBC has an employee retirement plan under Internal Revenue Code Section 403(b). Under this plan, FEBC contributes 3% of each employee's annual gross salary to his or her individual account. In addition, FEBC will match each employee's contribution up to an additional 3% annually. Employer contributions to this plan were \$121,886 and \$131,324 for the years ended June 30, 2011 and 2010, respectively.

11. JOINT COSTS:

As stated in note 2, FEBC has adopted the Accounting for Costs of Activities that Include Fundraising Topic of the FASB ASC. FEBC incurs costs for missionary deputation, which includes time spent performing fundraising functions. These costs are referred to as joint costs and are allocated to program services, general and administrative, and fundraising. Joint cost allocations are as follows:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Program services	\$ 561,629	\$ 722,558
Supporting activities:		
Management and general activities	12,764	16,422
Fundraising	<u>63,821</u>	<u>82,109</u>
	<u><u>\$ 638,214</u></u>	<u><u>\$ 821,089</u></u>

FAR EAST BROADCASTING COMPANY, INC.

Notes to Financial Statements

June 30, 2011 and 2010

12. RELATED PARTY TRANSACTIONS:

A board member of FEBC is the vice president of Joy Partners International. Joy Partners International leases office space from FEBC for \$1,300 per month. During the year ended June 30, 2011, FEBC received \$15,200 in rental income.

13. SUBSEQUENT EVENTS:

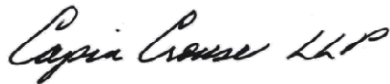
Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL DATA**

Audit Committee
Far East Broadcasting Company, Inc.
La Mirada, California

We have audited the financial statements of Far East Broadcasting Company, Inc. for years ended June 30, 2011 and 2010, and have issued our report thereon dated December 21, 2011, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of functional expenses are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.



Brea, California
December 21, 2011

FAR EAST BROADCASTING COMPANY, INC.

Schedules of Functional Expenses by Natural Classification

	Year Ended June 30, 2011			
	Broadcast Operations	General and Administrative	Fundraising	Total
Broadcasting grants	\$ 3,841,914	\$ -	\$ -	\$ 3,841,914
Salaries and wages	1,536,385	386,997	442,255	2,365,637
Employee benefits	599,662	93,894	149,597	843,153
Depreciation	428,120	24,533	13,381	466,034
Printing and publications	65,715	58,422	318,172	442,309
Telephone and occupancy	360,728	20,427	17,140	398,295
Travel and conferences	301,355	21,937	56,604	379,896
Professional services	133,605	75,013	101,111	309,729
Equipment repair and maintenance	71,507	10,296	6,527	88,330
Supplies	57,564	9,553	16,112	83,229
Postage and shipping	21,958	13,917	17,821	53,696
Other expenses	102,000	70,839	20,860	193,699
	\$ 7,520,513	\$ 785,828	\$ 1,159,580	\$ 9,465,921
	Year Ended June 30, 2010			
	Broadcast Operations	General and Administrative	Fundraising	Total
Broadcasting grants	\$ 2,815,462	\$ -	\$ -	\$ 2,815,462
Salaries and wages	1,748,994	395,367	497,560	2,641,921
Employee benefits	657,946	97,409	157,553	912,908
Depreciation	91,820	23,079	12,589	127,488
Printing and publications	61,270	38,973	330,976	431,219
Telephone and occupancy	336,622	20,548	16,039	373,209
Travel and conferences	298,497	30,898	92,394	421,789
Professional services	159,576	64,278	78,151	302,005
Equipment repair and maintenance	59,800	7,258	4,698	71,756
Supplies	69,058	10,744	26,995	106,797
Postage and shipping	21,261	27,463	16,482	65,206
Other expenses	105,039	78,938	20,192	204,169
	\$ 6,425,345	\$ 794,955	\$ 1,253,629	\$ 8,473,929