



FAR EAST BROADCASTING  
COMPANY, INC.

Financial Statements  
With Independent Auditors' Report

June 30, 2015 and 2014

# FAR EAST BROADCASTING COMPANY, INC.

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Far East Broadcasting Company, Inc. (FEBC), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to FEBC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FEBC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

***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, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Brea, California  
December 18, 2015

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Financial Position

|   | June 30,             |                     |
|---|----------------------|---------------------|
|   | 2015                 | 2014                |
| <b>ASSETS:</b>  |                      |                     |
| Cash and cash equivalents   | \$ 2,020,791         | \$ 1,371,324        |
| Accounts receivable - net of<br>\$16,063 and \$16,304 allowance, respectively | 135,529              | 184,228             |
| Prepaid expenses and other assets   | 95,130               | 38,010              |
| Investments   | 878,549              | 642,291             |
| Estate and trust receivables  | 1,067,621            | 333,158             |
| Contribution receivable   | 253,410              | -                   |
| Fiduciary fund assets   | 5,851,119            | 5,549,697           |
| Land, buildings, and equipment - at cost, net                                 | 955,551              | 1,097,325           |
| <b>Total Assets</b>   | <b>\$ 11,257,700</b> | <b>\$ 9,216,033</b> |
| <b>LIABILITIES AND NET ASSETS:</b>  |                      |                     |
| Liabilities:  |                      |                     |
| Accounts payable  | \$ 111,565           | \$ 62,331           |
| Accrued expenses  | 266,467              | 199,798             |
| Fiduciary obligations   | 3,042,605            | 3,013,790           |
| Capital lease obligations   | 46,870               | 20,895              |
| <b>Total liabilities</b>  | <b>3,467,507</b>     | <b>3,296,814</b>    |
| Unrestricted net assets:  |                      |                     |
| Undesignated  | 2,279,016            | 1,754,679           |
| Designated  | 3,071,119            | 2,674,373           |
|   | 5,350,135            | 4,429,052           |
| Temporarily restricted  | 2,440,058            | 1,490,167           |
| <b>Total net assets</b>   | <b>7,790,193</b>     | <b>5,919,219</b>    |
| <b>Total Liabilities and Net Assets</b>                                       | <b>\$ 11,257,700</b> | <b>\$ 9,216,033</b> |

See notes to financial statements

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Activities

|   | Year Ended June 30, |                           |                     |                     |                           |                     |
|---|---------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------|
|   | 2015                |                           |                     | 2014                |                           |                     |
|   | Unrestricted        | Temporarily<br>Restricted | Total               | Unrestricted        | Temporarily<br>Restricted | Total               |
| <b>SUPPORT, REVENUE, AND RECLASSIFICATIONS:</b> |                     |                           |                     |                     |                           |                     |
| Contributions                                   | \$ 2,508,796        | \$ 6,253,663              | \$ 8,762,459        | \$ 2,548,527        | \$ 5,080,612              | \$ 7,629,139        |
| Trust and estate income                         | 1,285,602           | 206,307                   | 1,491,909           | 401,291             | -                         | 401,291             |
| Broadcast revenue                               | 1,119,361           | -                         | 1,119,361           | 997,575             | -                         | 997,575             |
| Investment income                               | 65,347              | 16,703                    | 82,050              | 96,476              | 10,214                    | 106,690             |
| Change in fiduciary obligations                 | 193,087             | (19,766)                  | 173,321             | 240,770             | 17,849                    | 258,619             |
| Other income                                    | 36,052              | -                         | 36,052              | -                   | -                         | -                   |
| Net assets released from restrictions:          |                     |                           |                     |                     |                           |                     |
| Satisfaction of program restrictions            | 5,507,016           | (5,507,016)               | -                   | 5,019,239           | (5,019,239)               | -                   |
|   | <u>10,715,261</u>   | <u>949,891</u>            | <u>11,665,152</u>   | <u>9,303,878</u>    | <u>89,436</u>             | <u>9,393,314</u>    |
| <b>EXPENSES:</b>                                |                     |                           |                     |                     |                           |                     |
| Program ministries:                             |                     |                           |                     |                     |                           |                     |
| Broadcast operations                            | 7,431,013           | -                         | 7,431,013           | 7,433,693           | -                         | 7,433,693           |
| Supporting activities:                          |                     |                           |                     |                     |                           |                     |
| General and administrative                      | 935,278             | -                         | 935,278             | 843,302             | -                         | 843,302             |
| Fundraising                                     | 1,427,887           | -                         | 1,427,887           | 1,638,278           | -                         | 1,638,278           |
| Total supporting services                       | <u>2,363,165</u>    | <u>-</u>                  | <u>2,363,165</u>    | <u>2,481,580</u>    | <u>-</u>                  | <u>2,481,580</u>    |
| Total Expenses                                  | <u>9,794,178</u>    | <u>-</u>                  | <u>9,794,178</u>    | <u>9,915,273</u>    | <u>-</u>                  | <u>9,915,273</u>    |
| Change in Net Assets                            | 921,083             | 949,891                   | 1,870,974           | (611,395)           | 89,436                    | (521,959)           |
| Net Assets, Beginning of Year                   | <u>4,429,052</u>    | <u>1,490,167</u>          | <u>5,919,219</u>    | <u>5,040,447</u>    | <u>1,400,731</u>          | <u>6,441,178</u>    |
| Net Assets, End of Year                         | <u>\$ 5,350,135</u> | <u>\$ 2,440,058</u>       | <u>\$ 7,790,193</u> | <u>\$ 4,429,052</u> | <u>\$ 1,490,167</u>       | <u>\$ 5,919,219</u> |

See notes to financial statements

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Cash Flows

|   | Year Ended June 30, |              |
|---|---------------------|--------------|
|   | 2015                | 2014         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                     |              |
| Change in net assets  | \$ 1,870,974        | \$ (521,959) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                     |              |
| Depreciation  | 212,034             | 214,824      |
| Realized and unrealized gain on investments   | (220)               | (23,183)     |
| Realized and unrealized gain on fiduciary fund assets   | (98,507)            | (380,159)    |
| Change in value of trusts agreements  | (3,381)             | (5,116)      |
| Gift annuity actuarial change   | (71,777)            | (68,143)     |
| Payments on charitable gift annuities   | 251,222             | 276,022      |
| New contribution receivable   | (253,410)           | -            |
| Net change in:  |                     |              |
| Accounts receivable   | 48,699              | (35,755)     |
| Estate and trust receivables  | (734,463)           | 23,750       |
| Prepaid expenses and other assets   | (57,120)            | 42,725       |
| Accounts payable  | 49,234              | 21,849       |
| Accrued expenses  | 66,669              | (114,554)    |
| Net Cash Provided by (Used in) Operating Activities   | 1,279,954           | (569,699)    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |              |
| Acquisition of equipment  | (26,808)            | (15,508)     |
| Acquisition of investments  | (2,564,924)         | (594,812)    |
| Proceeds from sale of investments   | 2,089,329           | 1,150,832    |
| Collections on fiduciary fund assets  | -                   | 402          |
| Net Cash Provided by (Used in) Investing Activities   | (502,403)           | 540,914      |

(Continued)

See notes to financial statements

# FAR EAST BROADCASTING COMPANY, INC.

## Statements of Cash Flows

|  | Year Ended June 30, |                  |
|--|---------------------|------------------|
|  | 2015                | 2014             |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                         |                     |                  |
| Payments on capital lease obligation                                 | (17,477)            | (18,880)         |
| Gift portion of new trusts and charitable savings agreements         | (106,652)           | (31,472)         |
| Maturities of gift annuities and charitable savings agreements       | (167,639)           | (91,195)         |
| Payments on gift annuities and trusts agreements                     | (312,986)           | (338,859)        |
| Face value of new annuity, trusts, and charitable savings agreements | 360,122             | 36,700           |
| Investment income from trusts agreements                             | 116,548             | 146,013          |
| Net Cash Provided by (Used in) Financing Activities                  | (128,084)           | (297,693)        |
| <br>Change in Cash and Cash Equivalents                              | <br>649,467         | <br>(326,478)    |
| <br>Cash and Cash Equivalents, Beginning of Year                     | <br>1,371,324       | <br>1,697,802    |
| <br>Cash and Cash Equivalents, End of Year                           | <br>\$ 2,020,791    | <br>\$ 1,371,324 |
| <br><b>SUPPLEMENTAL DISCLOSURES:</b>                                 |                     |                  |
| Non-cash investing and financing transactions:                       |                     |                  |
| Fixed assets acquired by capital lease                               | \$ 43,452           | \$ -             |

See notes to financial statements



# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

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, 2015 approximately 14% of FEBC's contributions consisted of trust and estate gifts. Approximately 12% of contributions were received from other FEBC sending fields (see note 8), and approximately 43% 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.
- Life insurance policies are carried at cash surrender value, which approximates fair value.
- Note receivable investment pool is recorded at cost plus accrued interest.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

### 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 receivable 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, 2015 and 2014, was \$16,063 and \$38,577, respectively.

#### CONTRIBUTION RECEIVABLE

Unconditional promises-to-give are recognized as income when the promise is 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 related to fiduciary agreements and those which are stipulated by donors for specific operating purposes.

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, 2015 and 2014

### 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 12).

#### 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.

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2015 and 2014, FEBC had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

FEBC files information tax returns in the U.S. and various states. FEBC is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

#### RECLASSIFICATIONS

Certain amounts previously reported in the financial statements for 2014, have been reclassified to conform to the current year presentation.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

3. INVESTMENTS:

The carrying value of FEBC's investments at June 30, 2015 and 2014, are as follows:

|                                 | June 30,          |                   |
|---------------------------------|-------------------|-------------------|
|                                 | 2015              | 2014              |
| Cash and cash equivalents       | \$ 191,733        | \$ 2,980          |
| Investments:                    |                   |                   |
| Money market accounts           | 35,707            | 42,737            |
| Mutual funds                    | 357,988           | 355,224           |
| Electronically traded funds     | 66,635            | 44,759            |
| Stocks                          | 82,505            | 55,388            |
| Note receivable investment pool | 143,981           | 141,203           |
|                                 | <u>\$ 878,549</u> | <u>\$ 642,291</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, 2015 and 2014

### 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, 2015 and 2014:

As of June 30, 2015:

|                              | Total             | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|------------------------------|-------------------|--|---|--|
|                              | <u>Total</u>      | <u>(Level 1)</u>   | <u>(Level 2)</u>  | <u>(Level 3)</u>                                   |
| Mutual funds                 |                   |  |   |  |
| Equity mutual funds:         |                   |  |   |  |
| Large growth                 | \$ 15,250         | \$ 15,250  | \$ -  | \$ -   |
| Large value                  | 24,117            | 24,117   | -   | -  |
| Large blend                  | 15,716            | 15,716   | -   | -  |
| Small and mid cap growth     | 27,812            | 27,812   | -   | -  |
| Bond mutual funds:           |                   |  |   |  |
| Short term bonds             | 78,515            | 78,515   | -   | -  |
| Intermediate government      | 15,678            | 15,678   | -   | -  |
| Inflation bonds              | 25,296            | 25,296   | -   | -  |
| Aggregate bond               | 30,408            | 30,408   | -   | -  |
| Intermediate term bonds      | 27,350            | 27,350   | -   | -  |
| High yield bonds             | 70,694            | 70,694   | -   | -  |
| Non traditional bonds        | 27,152            | 27,152   | -   | -  |
| Electronically traded funds: |                   |  |   |  |
| Small and mid cap growth     | 30,152            | 30,152   | -   | -  |
| Corporate bonds              | 4,246             | 4,246  | -   | -  |
| Short term bonds             | 19,032            | 19,032   | -   | -  |
| High yield bonds             | 13,205            | 13,205   | -   | -  |
| Stocks:                      |                   |  |   |  |
| Large value                  | 20,393            | 20,393   | -   | -  |
| Large blend                  | 29,850            | 29,850   | -   | -  |
| Small and mid cap growth     | 10,792            | 10,792   | -   | -  |
| Emerging markets             | 21,470            | 21,470   | -   | -  |
|                              | <u>\$ 507,128</u> | <u>\$ 507,128</u>  | <u>\$ -</u>   | <u>\$ -</u>  |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

3. INVESTMENTS, continued:

As of June 30, 2014:

|                              |                   | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|------------------------------|-------------------|--|---|--|
|                              | Total             |  |   |  |
| Mutual funds                 |                   |  |   |  |
| Equity mutual funds:         |                   |  |   |  |
| Large growth                 | \$ 14,252         | \$ 14,252  | \$ -  | \$ -   |
| Large value                  | 23,711            | 23,711   | -   | -  |
| Large blend                  | 15,332            | 15,332   | -   | -  |
| Small and mid cap growth     | 28,352            | 28,352   | -   | -  |
| Bond mutual funds:           |                   |  |   |  |
| Short term bonds             | 77,899            | 77,899   | -   | -  |
| Intermediate government      | 15,437            | 15,437   | -   | -  |
| Inflation bonds              | 26,171            | 26,171   | -   | -  |
| Intermediate term bonds      | 26,991            | 26,991   | -   | -  |
| High yield bonds             | 70,613            | 70,613   | -   | -  |
| World bonds                  | 29,393            | 29,393   | -   | -  |
| Non traditional bonds        | 27,073            | 27,073   | -   | -  |
| Electronically traded funds: |                   |  |   |  |
| Short term bonds             | 19,896            | 19,896   | -   | -  |
| High yield bonds             | 18,052            | 18,052   | -   | -  |
| Commodities                  | 6,811             | 6,811  | -   | -  |
| Stocks:                      |                   |  |   |  |
| Large growth                 | 19,141            | 19,141   | -   | -  |
| Large value                  | 26,906            | 26,906   | -   | -  |
| Emerging markets             | 9,341             | 9,341  | -   | -  |
|                              | <u>\$ 455,371</u> | <u>\$ 455,371</u>  | <u>\$ -</u>   | <u>\$ -</u>  |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

3. INVESTMENTS, continued:

Investment income consists of:

|  | June 30,  |            |
|--|-----------|------------|
|  | 2015      | 2014       |
| Interest and dividends                       | \$ 81,830 | \$ 83,507  |
| Realized and unrealized gains on investments | 220       | 23,183     |
|  | \$ 82,050 | \$ 106,690 |

4. FIDUCIARY FUND ASSETS:

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

|                             | June 30,     |              |
|-----------------------------|--------------|--------------|
|                             | 2015         | 2014         |
| Cash and cash equivalents   | \$ (43,214)  | \$ 121,556   |
| Investments:                |              |              |
| Money market accounts       | 751,942      | 562,688      |
| Mutual funds                | 1,845,313    | 1,681,067    |
| Electronically traded funds | 406,747      | 15,604       |
| Stocks                      | 98,681       | -            |
| Bonds                       | 100,883      | 119,031      |
| Indexed annuities           | 2,630,474    | 2,989,239    |
| Limited partnership         | 60,144       | 60,144       |
| Mortgage-backed securities  | 149          | 368          |
|                             | \$ 5,851,119 | \$ 5,549,697 |

FEBC is licensed by the state of California Department of Insurance as an Annuity Society. Under this designation, the department requires FEBC maintain a reserve adequate to meet future payments under the annuity contracts. The reserve included in cash and cash equivalents and investments totaled \$370,346 and \$411,610 as of June 30, 2015 and 2014, respectively. The reserve amount is based upon the most current annuity mortality rate from the State of California Department of Insurance on the date of the agreement. The range of annuity rates for existing agreements is 5.1% and 13.2%.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

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, 2015 and 2014:

As of June 30, 2015:

|                          |           | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|--------------------------|-----------|--|---|--|
|                          | Total     | (Level 1)  | (Level 2)   | (Level 3)  |
| Mutual funds             |           |  |   |  |
| Equity mutual funds:     |           |  |   |  |
| Large growth             | \$ 31,096 | \$ 31,096  | \$ -  | \$ -   |
| Large value              | 55,625    | 55,625   | -   | -  |
| Large blend              | 198,401   | 198,401  | -   | -  |
| Small and mid cap growth | 391,721   | 391,721  | -   | -  |
| Emerging markets         | 5,338     | 5,338  | -   | -  |
| Bond mutual funds:       |           |  |   |  |
| Short term bonds         | 147,087   | 147,087  | -   | -  |
| Intermediate government  | 8,090     | 8,090  | -   | -  |
| Inflation bond           | 10,814    | 10,814   | -   | -  |
| Long term government     | 5,537     | 5,537  | -   | -  |
| Long term bonds          | 109,645   | 109,645  | -   | -  |
| Intermediate term bonds  | 7,300     | 7,300  | -   | -  |
| Corporate bond fund      | 5,645     | 5,645  | -   | -  |
| Aggregate bond fund      | 704,241   | 704,241  | -   | -  |
| High yield bonds         | 129,967   | 129,967  | -   | -  |
| World bonds              | 5,534     | 5,534  | -   | -  |
| Non traditional bonds    | 11,312    | 11,312   | -   | -  |
| Commodity mutual funds:  |           |  |   |  |
| Real estate              | 17,960    | 17,960   | -   | -  |



# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

4. FIDUCIARY FUND ASSETS, continued:

As of June 30, 2015, continued:

|                              | <u>Total</u>            | <u>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical Assets<br/>(Level 1)</u> | <u>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</u> | <u>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</u> |
|------------------------------|-------------------------|---|--|--|
| Electronically traded funds: |                         |   |  |  |
| Large blend                  | 163,989                 | 163,989   | -  | -  |
| Small and mid cap growth     | 178,240                 | 178,240   | -  | -  |
| High yield                   | 58,238                  | 58,238  | -  | -  |
| Commodities                  | 6,280                   | 6,280   | -  | -  |
| Stocks:                      |                         |   |  |  |
| Large growth                 | 15,717                  | 15,717  | -  | -  |
| Large value                  | 35,542                  | 35,542  | -  | -  |
| Large blend                  | 15,496                  | 15,496  | -  | -  |
| Small and mid cap growth     | 16,995                  | 16,995  | -  | -  |
| Emerging markets             | 14,931                  | 14,931  | -  | -  |
| Bonds:                       |                         |   |  |  |
| Corporate bonds              | 21,844                  | 21,844  | -  | -  |
| Government bonds             | 79,039                  | 79,039  | -  | -  |
| Indexed annuities            | 2,630,474               | -   | 2,630,474  | -  |
| Limited partnership          | 60,144                  | -   | -  | 60,144   |
| Mortgage-backed securities   | 149                     | -   | -  | 149  |
|                              | <u>149</u>              | <u>-</u>  | <u>-</u>   | <u>149</u>   |
| <br>Total                    | <br><u>\$ 5,142,391</u> | <br><u>\$ 2,451,624</u>   | <br><u>\$ 2,630,474</u>  | <br><u>\$ 60,293</u>   |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

4. FIDUCIARY FUND ASSETS, continued:

As of June 30, 2014:

|                           | Total     | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|---------------------------|-----------|--|---|--|
| Mutual funds              |           |  |   |  |
| Equity mutual funds:      |           |  |   |  |
| Large growth              | \$ 29,060 | \$ 29,060  | \$ -  | \$ -   |
| Large value               | 54,688    | 54,688   | -   | -  |
| Large blend               | 188,199   | 188,199  | -   | -  |
| Small and mid cap growth  | 417,531   | 417,531  | -   | -  |
| Small and mid cap value   | 30,893    | 30,893   | -   | -  |
| Small and mid cap blend   | 13,799    | 13,799   | -   | -  |
| International stocks      | 21,197    | 21,197   | -   | -  |
| Bond mutual funds:        |           |  |   |  |
| Short term bonds          | 132,876   | 132,876  | -   | -  |
| Intermediate government   | 21,613    | 21,613   | -   | -  |
| Inflation bond            | 71,748    | 71,748   | -   | -  |
| Long term government      | 29,376    | 29,376   | -   | -  |
| Long term bonds           | 23,948    | 23,948   | -   | -  |
| Intermediate term bonds   | 47,831    | 47,831   | -   | -  |
| Corporate bond fund       | 5,612     | 5,612  | -   | -  |
| Aggregate bond fund       | 89,886    | 89,886   | -   | -  |
| High yield bonds          | 157,708   | 157,708  | -   | -  |
| World bonds               | 83,022    | 83,022   | -   | -  |
| Non traditional bonds     | 26,462    | 26,462   | -   | -  |
| Real estate mutual funds: |           |  |   |  |
| Real estate               | 235,618   | 235,618  | -   | -  |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

4. FIDUCIARY FUND ASSETS, continued:

As of June 30, 2014, continued:

|                              | Total        | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|------------------------------|--------------|--|---|--|
| Electronically traded funds: |              |  |   |  |
| Commodities                  | 15,562       | 15,562   | -   | -  |
| High yield                   | 42           | 42   | -   | -  |
| Bonds:                       |              |  |   |  |
| Corporate bonds              | 37,858       | 37,858   | -   | -  |
| Government bonds             | 81,173       | 81,173   | -   | -  |
| Indexed annuities            | 2,989,239    | -  | 2,989,239   | -  |
| Limited partnership          | 60,144       | -  | -   | 60,144   |
| Mortgage-backed securities   | 368          | -  | -   | 368  |
| Total                        | \$ 4,865,453 | \$ 1,815,702   | \$ 2,989,239  | \$ 60,512  |

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

|   |            |
|---|------------|
| Balance as of June 30, 2013   | \$ 123,982 |
| Total losses (realized and unrealized) included<br>in net investment income | (226)      |
| Sales, net  | (63,244)   |
| Balance as of June 30, 2014   | 60,512     |
| Total losses (realized and unrealized) included<br>in net investment income | (219)      |
| Balance as of June 30, 2015   | \$ 60,293  |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

5. LAND, BUILDINGS, AND EQUIPMENT:

Land, buildings, and equipment consist of the following:

|  | June 30,          |                     |
|--|-------------------|---------------------|
|  | 2015              | 2014                |
| Land   | \$ 377,353        | \$ 377,353          |
| Land improvements                                | 70,634            | 70,634              |
| Buildings  | 1,748,864         | 1,744,364           |
| Equipment  | 1,541,428         | 1,484,310           |
| Land, buildings, and equipment - at cost         | 3,738,279         | 3,676,661           |
| Less accumulated depreciation                    | (2,782,728)       | (2,579,336)         |
| Land, buildings, and equipment - at cost, net    | 955,551           | 1,097,325           |
| Less debt secured by equipment                   | (46,870)          | (20,895)            |
| Net investment in land, buildings, and equipment | <u>\$ 908,681</u> | <u>\$ 1,076,430</u> |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

### 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.

#### 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.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

6. FIDUCIARY OBLIGATIONS, continued:

IRREVOCABLE AGREEMENTS, continued

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.

Fiduciary obligations consist of:

|                                 | June 30,            |                     |
|---------------------------------|---------------------|---------------------|
|                                 | 2015                | 2014                |
| Charitable savings agreements   | \$ 730,373          | \$ 684,547          |
| Gift annuity liabilities        | 1,536,886           | 1,745,948           |
| Irrevocable agreements          | 543,698             | 349,366             |
| Amounts due other beneficiaries | 231,648             | 233,929             |
|                                 | <u>\$ 3,042,605</u> | <u>\$ 3,013,790</u> |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

6. FIDUCIARY OBLIGATIONS, continued:

The change in fiduciary obligations consists of:

|   | June 30,   |            |
|---|------------|------------|
|   | 2015       | 2014       |
| Change in value of charitable gift annuities:                 |            |            |
| Interest and dividends  | \$ 112,088 | \$ 57,924  |
| Realized and unrealized gains on investments                  | 107,117    | 256,027    |
| Actuarial change  | 71,777     | 68,143     |
| Maturities  | 167,639    | 77,293     |
| Payments and distributions (including miscellaneous expenses) | (251,222)  | (276,022)  |
|   | 207,399    | 183,365    |
| Change in value of charitable trusts:                         |            |            |
| Interest and dividends  | 29,977     | 14,259     |
| Realized and unrealized gain on investments                   | 5,953      | 60,904     |
| Actuarial change  | 3,381      | 5,116      |
| Maturities  | 2,687      | -          |
| Payments (including miscellaneous expenses)                   | (61,764)   | (62,837)   |
|   | (19,766)   | 17,442     |
| Change in value of charitable savings agreements:             |            |            |
| Interest and dividends  | 44,252     | 15,723     |
| Realized and unrealized gain (loss) on investments            | (14,563)   | 63,228     |
| Maturities  | -          | 13,902     |
| Payments (including miscellaneous expenses)                   | (44,001)   | (35,041)   |
|   | (14,312)   | 57,812     |
|   | \$ 173,321 | \$ 258,619 |

Contribution income from new agreements for the years ended June 30, 2015 and 2014, was \$106,652 and \$31,472, respectively, and is included in contributions in the statements of activities.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

7. NET ASSETS:

Net assets consist of:

|  | June 30,     |              |
|--|--------------|--------------|
|  | 2015         | 2014         |
| Unrestricted:                                    |              |              |
| Undesignated:                                    |              |              |
| Undesignated                                     | \$ 975,561   | \$ 411,610   |
| Funds held for fields                            | 394,774      | 266,640      |
| Net investment in land, buildings, and equipment | 908,681      | 1,076,429    |
|  | 2,279,016    | 1,754,679    |
| Designated:                                      |              |              |
| Designated by board for fiduciary fund reserves  | 2,512,332    | 2,284,591    |
| Designated by board for the Legacy Fund          | 558,787      | 389,782      |
|  | 3,071,119    | 2,674,373    |
| Total unrestricted net assets                    | \$ 5,350,135 | \$ 4,429,052 |
| Temporarily Restricted:                          |              |              |
| Missionary support                               | \$ 236,407   | \$ 248,053   |
| Operations in foreign countries                  | 1,718,298    | 873,477      |
| Other projects                                   | 1,969        | 1,969        |
| Investment account held for restricted purposes  | 175,781      | 111,306      |
| Irrevocable agreements                           | 307,603      | 255,362      |
|  | \$ 2,440,058 | \$ 1,490,167 |



# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

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,     |              |
|-------------------|--------------|--------------|
|                   | 2015         | 2014         |
| Vietnam           | \$ 965,800   | \$ 935,604   |
| Russia            | 826,587      | 816,590      |
| Philippines       | 588,910      | 613,540      |
| Korea             | 388,605      | 552,811      |
| Mongolia          | 305,229      | 123,220      |
| Cambodia          | 181,589      | 196,121      |
| Indonesia (YASKI) | 180,654      | 161,326      |
| Hong Kong         | 156,861      | 100,817      |
| Thailand          | 137,888      | 138,393      |
| Central Asia      | 120,500      | 243,000      |
| Pakistan          | 115,653      | 46,846       |
| India             | 113,397      | 72,921       |
| Japan             | 70,525       | 67,290       |
| China             | 25,064       | 38,214       |
| England           | 21,020       | 10,319       |
| New Zealand       | 10,500       | 11,250       |
| Myanmar           | 8,500        | 16,859       |
| Taiwan            | 6,580        | 4,200        |
| Nepal             | 4,260        | -            |
| Singapore         | 2,211        | 250          |
| Canada            | 1,300        | 36,100       |
| Other countries   | 3,538        | 6,518        |
|                   | \$ 4,235,171 | \$ 4,192,189 |

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 \$1,222,620 and \$1,314,448 was received from these fields during the years ended June 30, 2015 and 2014, respectively, and is included in contributions in the statements of activities. Financial support was provided to these fields in the amount of \$193,725 and \$158,486 during the years ended June 30, 2015 and 2014, respectively, and is included in broadcast operations expense.

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

9. OPERATING LEASES:

FEBC has various equipment leases that expire through February 2018. Total rental expense under these agreements amounted to approximately \$22,648 and \$12,528 for the years ended June 30, 2015 and 2014, respectively. Total future minimum rental commitments due are as follows:

| <u>Year Ending June 30,</u> |                  |
|-----------------------------|------------------|
| 2016                        | \$ 17,391        |
| 2017                        | 15,840           |
| 2018                        | <u>10,560</u>    |
|                             | <u>\$ 43,791</u> |

10. CAPITAL LEASES:

Capital leases consist of:

|   | June 30,         |                  |
|---|------------------|------------------|
|   | 2015             | 2014             |
| FEBC leases office equipment under a capital lease that expires in April 2020. The gross assets under capital lease were \$43,452 with accumulated amortization of \$640 as of June 30, 2015.       | \$ 42,813        | \$ -             |
| FEBC leases office equipment under a capital lease that expires in November 2015. The gross assets under capital lease were \$35,482 with accumulated amortization of \$31,399 as of June 30, 2015. | 4,057            | 15,569           |
| FEBC leases office equipment under a capital lease that expired in November 2014. The gross assets under capital lease were \$23,770 and were fully amortized as of June 30, 2015.                  | <u>-</u>         | <u>5,326</u>     |
|   | <u>\$ 46,870</u> | <u>\$ 20,895</u> |

# FAR EAST BROADCASTING COMPANY, INC.

## Notes to Financial Statements

June 30, 2015 and 2014

10. CAPITAL LEASES, continued:

Annual maturities are as follows:

| <u>Year Ending June 30,</u> |             |
|-----------------------------|-------------|
| 2016                        | \$ 11,935   |
| 2017                        | 8,281       |
| 2018                        | 8,705       |
| 2019                        | 9,150       |
| 2020                        | 8,799       |
|                             | <hr/>       |
|                             | \$ 46,870   |
|                             | <hr/> <hr/> |

11. 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 \$128,899 and \$136,135 for the years ended June 30, 2015 and 2014, respectively.

12. 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>2015</u>     | <u>2014</u> |
| Program services           | \$ 466,190      | \$ 448,977  |
| Supporting activities:     |                 |             |
| General and administrative | 10,595          | 10,204      |
| Fundraising                | 52,976          | 51,020      |
|                            | <hr/>           | <hr/>       |
|                            | \$ 529,761      | \$ 510,201  |
|                            | <hr/> <hr/>     | <hr/> <hr/> |

# **FAR EAST BROADCASTING COMPANY, INC.**

## **Notes to Financial Statements**

June 30, 2015 and 2014

13. RELATED PARTY TRANSACTIONS:

FEBC paid \$14,710 for broadcasting services to a company owned by a board member. FEBC also paid \$3,657 to an association of Christian communicators, for which FEBC's president serves as the treasurer of the association.

14. 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 INFORMATION**

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, 2015 and 2014, and our report thereon dated December 18, 2015, which expresses an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 as a whole.

*Capin Crouse LLP*

Brea, California  
December 18, 2015

# FAR EAST BROADCASTING COMPANY, INC.

## Schedules of Functional Expenses

by Natural Classification

|                                  | Year Ended June 30, 2015 |                               |              |              |
|----------------------------------|--------------------------|-------------------------------|--------------|--------------|
|                                  | Broadcast<br>Operations  | General and<br>Administrative | Fundraising  | Total        |
| Broadcasting grants              | \$ 4,235,171             | \$ -                          | \$ -         | \$ 4,235,171 |
| Salaries and wages               | 1,679,100                | 489,215                       | 368,300      | 2,536,615    |
| Employee benefits                | 680,092                  | 177,644                       | 121,579      | 979,315      |
| Printing and publications        | 49,012                   | 17,899                        | 183,008      | 249,919      |
| Professional services            | 125,037                  | 94,601                        | 379,725      | 599,363      |
| Travel                           | 191,103                  | 42,327                        | 266,540      | 499,970      |
| Depreciation                     | 199,797                  | 8,159                         | 4,078        | 212,034      |
| Telephone and occupancy          | 78,230                   | 19,002                        | 19,704       | 116,936      |
| Supplies                         | 48,592                   | 10,632                        | 20,524       | 79,748       |
| Postage and shipping             | 18,936                   | 15,543                        | 13,887       | 48,366       |
| Equipment repair and maintenance | 31,867                   | 8,281                         | 5,747        | 45,895       |
| Conferences                      | 4,879                    | 424                           | 5,971        | 11,274       |
| Other expenses                   | 89,197                   | 51,551                        | 38,824       | 179,572      |
|                                  |                          |                               |              |              |
| Total Expenses                   | \$ 7,431,013             | \$ 935,278                    | \$ 1,427,887 | \$ 9,794,178 |

|                                  | Year Ended June 30, 2014 |                               |              |              |
|----------------------------------|--------------------------|-------------------------------|--------------|--------------|
|                                  | Broadcast<br>Operations  | General and<br>Administrative | Fundraising  | Total        |
| Broadcasting grants              | \$ 4,192,189             | \$ -                          | \$ -         | \$ 4,192,189 |
| Salaries and wages               | 1,640,686                | 442,766                       | 411,196      | 2,494,648    |
| Employee benefits                | 634,064                  | 156,032                       | 140,889      | 930,985      |
| Printing and publications        | 55,819                   | 30,891                        | 325,953      | 412,663      |
| Professional services            | 139,171                  | 81,514                        | 350,101      | 570,786      |
| Travel                           | 179,994                  | 42,701                        | 320,784      | 543,479      |
| Depreciation                     | 202,335                  | 8,326                         | 4,163        | 214,824      |
| Telephone and occupancy          | 70,983                   | 17,213                        | 17,916       | 106,112      |
| Supplies                         | 49,733                   | 9,206                         | 17,974       | 76,913       |
| Postage and shipping             | 37,767                   | 16,502                        | 11,275       | 65,544       |
| Equipment repair and maintenance | 41,696                   | 10,905                        | 7,622        | 60,223       |
| Conferences                      | 77,237                   | 711                           | 6,243        | 84,191       |
| Other expenses                   | 112,019                  | 26,535                        | 24,162       | 162,716      |
|                                  |                          |                               |              |              |
| Total Expenses                   | \$ 7,433,693             | \$ 843,302                    | \$ 1,638,278 | \$ 9,915,273 |