

Financial Statements
December 31, 2009 and 2008
The Voice of the Martyrs, Inc.

THE VOICE OF THE MARTYRS, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Voice of the Martyrs, Inc.
Bartlesville, Oklahoma

We have audited the accompanying statements of financial position of **The Voice of the Martyrs, Inc.** (the "Organization") as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 **The Voice of the Martyrs, Inc.** as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 19 to the financial statements, an error was discovered in the valuation of inventory and publication expenses resulting in an overstatement of unrestricted net assets and inventory as of December 31, 2008. Accordingly, the 2008 financial statements have been restated to correct the error.

Eide Bailly LLP
Tulsa, Oklahoma
May 20, 2010

THE VOICE OF THE MARTYRS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u> Restated (Note 19)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,097,361	\$ 6,116,973
Accounts receivable, net of allowance of \$3,400 in 2009 and 2008	62,161	204,198
Prepaid expenses	207,443	36,649
Inventory	945,517	1,063,532
Notes receivable	95,000	29,200
Short-term investments	3,797,703	5,216,740
Total current assets	<u>12,205,185</u>	<u>12,667,292</u>
NOTES RECEIVABLE, LONG-TERM PORTION	-	153,533
PROPERTY AND EQUIPMENT, NET	29,543,737	16,290,402
OTHER INVESTMENTS	34,100	32,300
OTHER ASSETS	28,249	47,321
Total assets	<u>\$ 41,811,271</u>	<u>\$ 29,190,848</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,114,154	\$ 678,325
Accrued expenses	145,181	137,922
Notes payable	-	300,000
Current portion of annuities payable	69,098	69,031
Total current liabilities	<u>2,328,433</u>	<u>1,185,278</u>
ANNUITIES PAYABLE, NET OF CURRENT PORTION	528,077	580,486
LINE OF CREDIT	6,506,000	-
Total liabilities	<u>9,362,510</u>	<u>1,765,764</u>
NET ASSETS		
Unrestricted	26,476,838	23,151,834
Temporarily restricted	5,928,197	4,271,180
Permanently restricted	34,100	32,300
Translation adjustment	9,626	(30,230)
Total net assets	<u>32,448,761</u>	<u>27,425,084</u>
Total liabilities and net assets	<u>\$ 41,811,271</u>	<u>\$ 29,190,848</u>

THE VOICE OF THE MARTYRS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT				
Contributions and bequests	\$ 22,392,468	\$ 12,242,196	\$ 1,800	\$ 34,636,464
Contributions-in-kind	-	6,704,481	-	6,704,481
Publication sales	1,570,294	-	-	1,570,294
Investment income	408,438	-	-	408,438
Gain on sale of fixed assets	96,317	-	-	96,317
Technology sales	56,248	-	-	56,248
Other income	219,882	-	-	219,882
Net assets released from restriction				
Satisfaction of program restrictions	<u>17,289,660</u>	<u>(17,289,660)</u>		-
 Total revenue and other support	 <u>42,033,307</u>	 <u>1,657,017</u>	 <u>1,800</u>	 <u>43,692,124</u>
EXPENSES				
Program services				
Foreign ministry	22,390,854	-	-	22,390,854
U.S. ministry, education and information services	8,486,720	-	-	8,486,720
Supporting activities				
Fund-raising	2,776,953	-	-	2,776,953
General & administrative	3,281,340	-	-	3,281,340
Publication expenses	<u>1,772,436</u>	-	-	<u>1,772,436</u>
 Total expenses	 <u>38,708,303</u>	 <u>-</u>	 <u>-</u>	 <u>38,708,303</u>
 INCREASE IN NET ASSETS	 3,325,004	 1,657,017	 1,800	 4,983,821
 NET ASSETS, BEGINNING OF YEAR, RESTATED (NOTE 19)	 <u>23,151,834</u>	 <u>4,271,180</u>	 <u>32,300</u>	 <u>27,455,314</u>
 NET ASSETS, END OF YEAR	 <u>\$ 26,476,838</u>	 <u>\$ 5,928,197</u>	 <u>\$ 34,100</u>	 <u>\$ 32,439,135</u>

THE VOICE OF THE MARTYRS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

	Unrestricted Restated (Note 19)	Temporarily Restricted	Permanently Restricted	Total Restated (Note 19)
REVENUE AND OTHER SUPPORT				
Contributions and bequests	\$ 22,422,219	\$ 11,630,178	\$ 1,800	\$ 34,054,197
Contributions-in-kind	-	7,458,140	-	7,458,140
Publication sales	1,750,710	-	-	1,750,710
Investment income	(1,271,023)	-	-	(1,271,023)
Technology sales	83,873	-	-	83,873
Other income	283,154	-	-	283,154
Net assets released from restriction				
Satisfaction of program restrictions	17,776,594	(17,776,594)	-	-
	<u>41,045,527</u>	<u>1,311,724</u>	<u>1,800</u>	<u>42,359,051</u>
EXPENSES				
Program services				
Foreign ministry	22,745,008	-	-	22,745,008
U.S. ministry, education and information services	7,623,410	-	-	7,623,410
Supporting activities				
Fund-raising	2,592,644	-	-	2,592,644
General & administrative	3,110,303	-	-	3,110,303
Publication expenses	1,458,436	-	-	1,458,436
	<u>37,529,801</u>	<u>-</u>	<u>-</u>	<u>37,529,801</u>
INCREASE IN NET ASSETS	3,515,726	1,311,724	1,800	4,829,250
NET ASSETS, BEGINNING OF YEAR	<u>19,636,108</u>	<u>2,959,456</u>	<u>30,500</u>	<u>22,626,064</u>
NET ASSETS, END OF YEAR, RESTATED (NOTE 19)	<u>\$ 23,151,834</u>	<u>\$ 4,271,180</u>	<u>\$ 32,300</u>	<u>\$ 27,455,314</u>

THE VOICE OF THE MARTYRS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u> Restated (Note 19)
OPERATING ACTIVITIES		
Change in net assets	\$ 4,983,821	\$ 4,829,250
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	1,320,078	840,803
Write off of uncollectible note receivable	65,733	-
Realized and unrealized gains on investments, net	(213,121)	1,663,495
Gain on sale of fixed assets	(96,317)	-
Gift portion of new annuities	17,606	226,252
Stock contributions	(104,674)	(182,971)
Changes in assets and liabilities		
Accounts receivable	142,037	(92,205)
Prepaid expenses	(170,794)	29,653
Inventory	118,015	21,261
Other assets	19,072	31,654
Accounts payable	1,435,829	(508,081)
Accrued expenses	7,259	5,954
NET CASH FROM OPERATING ACTIVITIES	<u>7,524,544</u>	<u>6,865,065</u>
INVESTING ACTIVITIES		
Payments received on notes receivable	22,000	17,200
Payments for property and equipment	(14,560,362)	(8,543,037)
Proceeds from sale of property and equipment	123,122	-
Proceeds from the sale of investments, net	1,735,032	331,350
NET CASH USED FOR INVESTING ACTIVITIES	<u>(12,680,208)</u>	<u>(8,194,487)</u>
FINANCING ACTIVITIES		
Changes in annuities	(69,948)	1,172
Net borrowings on line of credit	6,206,000	-
NET CASH FROM FINANCING ACTIVITIES	<u>6,136,052</u>	<u>1,172</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	980,388	(1,328,250)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,116,973</u>	<u>7,445,223</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 7,097,361</u></u>	<u><u>\$ 6,116,973</u></u>

THE VOICE OF THE MARTYRS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

	Program Services			Supporting Services			Total
	Foreign Ministry: Direct Project Cost	US Ministry: Education & Information	Total Program Services	General & Administrative	Fund-raising	Total Supporting Services	
Central America & Caribbean	\$ 405,463	\$ -	\$ 405,463	\$ -	\$ -	\$ -	\$ 405,463
East Asia & Pacific	5,600,710	-	5,600,710	-	-	-	5,600,710
Europe	281,155	-	281,155	-	-	-	281,155
Middle East & North Africa	2,188,599	-	2,188,599	-	-	-	2,188,599
North America	2,391	-	2,391	-	-	-	2,391
Non-Region	271,165	-	271,165	-	-	-	271,165
Russia	172,262	-	172,262	-	-	-	172,262
South America	842,506	-	842,506	-	-	-	842,506
South Asia	2,068,259	-	2,068,259	-	-	-	2,068,259
Sub-Saharan Africa	8,334,003	-	8,334,003	-	-	-	8,334,003
Medical aid to the persecuted	129,120	-	129,120	-	-	-	129,120
Mission support	1,177,581	11,047	1,188,628	460,844	61,807	522,651	1,711,279
International fund	4,423	-	4,423	-	-	-	4,423
VOM newsletter	-	3,061,808	3,061,808	-	1,020,603	1,020,603	4,082,411
Development costs	-	2,809,170	2,809,170	-	1,511,456	1,511,456	4,320,626
Salaries, taxes, and benefits	481,568	1,284,182	1,765,750	1,348,391	96,314	1,444,705	3,210,455
Equipment lease	15,266	40,409	55,675	31,429	2,694	34,123	89,798
Interest expense and bank fees	-	-	-	352,831	-	352,831	352,831
Professional fees	6,578	19,736	26,314	39,474	-	39,474	65,788
Insurance	9,262	52,929	62,191	66,160	3,969	70,129	132,320
Occupancy cost	16,370	49,109	65,479	40,378	3,274	43,652	109,131
Office expense	66,409	199,226	265,635	163,808	13,282	177,090	442,725
Postage	27,450	82,351	109,801	67,711	5,490	73,201	183,002
Telephone and utilities	48,796	146,395	195,191	120,369	9,760	130,129	325,320
Other expenses	43,506	136,323	179,829	101,517	8,701	110,218	290,047
Depreciation	198,012	594,035	792,047	488,428	39,603	528,031	1,320,078
Total expenses	\$ 22,390,854	\$ 8,486,720	\$ 30,877,574	\$ 3,281,340	\$ 2,776,953	\$ 6,058,293	\$ 36,935,867

See Notes to Financial Statements

THE VOICE OF THE MARTYRS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2008

	Program Services			Supporting Services			Total
	Foreign Ministry: Direct Project Cost	US Ministry: Education & Information	Total Program Services	General & Administrative	Fund-raising	Total Supporting Services	
Central America & Caribbean	\$ 370,690	\$ -	\$ 370,690	\$ -	\$ -	\$ -	\$ 370,690
East Asia & Pacific	5,086,301	-	5,086,301	-	-	-	5,086,301
Europe	230,369	-	230,369	-	-	-	230,369
Middle East & North Africa	1,986,763	-	1,986,763	-	-	-	1,986,763
North America	45,055	-	45,055	-	-	-	45,055
Non-Region	436,978	-	436,978	-	-	-	436,978
Russia	456,086	-	456,086	-	-	-	456,086
South America	756,036	-	756,036	-	-	-	756,036
South Asia	1,849,941	-	1,849,941	-	-	-	1,849,941
Sub-Saharan Africa	9,312,439	-	9,312,439	-	-	-	9,312,439
Medical aid to the persecuted	140,308	-	140,308	-	-	-	140,308
Mission support	1,230,226	9,711	1,239,937	490,860	54,391	545,251	1,785,188
VOM newsletter	-	2,064,773	2,064,773	-	688,258	688,258	2,753,031
Development costs	-	3,140,217	3,140,217	-	1,680,937	1,680,937	4,821,154
Salaries, taxes, and benefits	449,315	1,198,173	1,647,488	1,258,082	89,863	1,347,945	2,995,433
Equipment lease	18,001	47,651	65,652	37,062	3,177	40,239	105,891
Interest expense and bank fees	-	-	-	331,361	-	331,361	331,361
Professional fees	7,441	22,324	29,765	44,649	-	44,649	74,414
Insurance	9,651	55,150	64,801	68,937	4,136	73,073	137,874
Occupancy cost	18,735	56,204	74,939	46,212	3,747	49,959	124,898
Office expense	52,969	158,906	211,875	130,656	10,594	141,250	353,125
Postage	68,762	206,287	275,049	169,614	13,752	183,366	458,415
Telephone and utilities	38,918	116,755	155,673	95,998	7,784	103,782	259,455
Other expenses	53,903	168,898	222,801	125,775	10,781	136,556	359,357
Depreciation	126,121	378,361	504,482	311,097	25,224	336,321	840,803
Total expenses	\$ 22,745,008	\$ 7,623,410	\$ 30,368,418	\$ 3,110,303	\$ 2,592,644	\$ 5,702,947	\$ 36,071,365

THE VOICE OF THE MARTYRS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Voice of the Martyrs, Inc. (the "Organization") have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Description of Organization

The Voice of the Martyrs, Inc. is a not-for-profit organization whose main purposes are based on Hebrews 13:3.

To encourage and empower Christians to fulfill the Great Commission in areas of the world where they are persecuted for their involvement in propagating the gospel of Jesus Christ. We accomplish this by providing Bibles, literature, radio broadcasts, medical assistance and other forms of aid.

To give relief to the families of Christian martyrs in these areas of the world.

To equip local Christians to win to Christ those persecutors who are opposed to the gospel in countries where believers are actively persecuted for their Christian witness.

To undertake projects of encouragement, helping believers rebuild their lives and Christian witness in countries that have formerly suffered communist oppression.

To emphasize the fellowship of all believers by informing the world of atrocities committed against Christians and by remembering their courage and faith.

Basis of Presentation

The accompanying financial statements of the Organization are prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Net assets are classified in the financial statements based on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted

Net assets currently available at the discretion of the Board for use in the Organization's ministries, and those resources invested in land, buildings, and equipment.

Temporarily restricted

Net assets which are restricted by donors for specific operating purposes or for the acquisition of land, buildings or equipment, or until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased.

Permanently restricted

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Contributions are recorded when the donor makes a promise to give to the Organization, that is, in substance unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All contributions are considered available for unrestricted use

NOTES TO FINANCIAL STATEMENTS

unless specifically restricted by the donor or subject to other legal restrictions.

Contributed Services

During the years ended December 31, 2009 and 2008, the Organization received an estimated 35,000 and 38,500 hours of donated services from domestic volunteers, respectively. A significant amount of those donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer efforts. Additionally, the value of contributed services which did meet the requirements for recognition in the financial statements was not material and has not been recorded.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to be all cash on hand and cash in bank accounts with original maturities of three months or less.

Accounts Receivable

Accounts receivable are short-term, noninterest bearing, and uncollateralized. The Organization provides an allowance for uncollectible accounts based upon management's assessment of existing specific accounts.

Inventory

Inventory consists of ministry-related books and literature held for future distribution. These are valued at the lower of cost or market using the first-in, first-out method.

Investments

Investments in equity securities with readily determinable fair market value and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in net assets.

Property and Equipment

Property and equipment are stated at cost if purchased by the Organization. Donations of property and equipment are recorded as support at the estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless the donor has stipulated how long donated assets must be maintained, the Organization reports the expiration of donor restrictions when the donated or acquired assets are placed in service; at that time, the assets are transferred from restricted net assets to unrestricted net assets. Property and equipment are depreciated using the straight-line method. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,000.

NOTES TO FINANCIAL STATEMENTS

The Organization records impairment to its property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Organization based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions and other information. No impairments were recorded in 2009 or 2008.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization employs valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Allocation of Expenses

The costs of providing the various programs and supporting activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting activities on the basis of estimates made by the Organization's management.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense amounted to \$1,689,240 and \$2,170,362, for the years ended December 31, 2009 and 2008, respectively.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization which is not a private foundation under Section 509(a) of the Code.

The Organization has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*) on January 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the adoption date and at December 31, 2009, the unrecognized tax benefit accrual was zero.

The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Organization is no longer subject to Federal tax examinations by tax authorities for years before 2006 and state examinations for years before 2006.

NOTES TO FINANCIAL STATEMENTS

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain balances have been reclassified on the December 31, 2008, financial statements to conform to current year presentation. These reclassifications have no effect on changes in net assets as previously reported.

NOTE 2 - FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value on a recurring basis consist of short-term investments. The following table summarizes the valuation of the Organization's assets by pricing levels as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
December 31, 2009			
Short-term investments	\$ 3,797,703	\$ -	\$ -
	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
December 31, 2008			
Short-term investments	\$ 5,216,740	\$ -	\$ -

The short-term investments are carried at fair value, which is based upon quoted market prices at December 31, 2009 and 2008.

Assets and liabilities measured at fair value on a nonrecurring basis consist of annuities payable. The following table summarizes the valuation of the Organization's liabilities by pricing levels as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
December 31, 2009			
Annuities payable	\$ -	\$ -	\$ 16,684
	Quoted Prices in Active Markets (Level 1)	Other Observable (Level 2)	Unobservable Inputs (Level 3)
December 31, 2008			
Annuities payable	\$ -	\$ -	\$ 280,699

Annuities payable are reported at present value of future cash flows at the date the annuity contract is entered.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - SHORT-TERM INVESTMENTS

Short-term investments are presented in the financial statements at fair market value and are summarized as follows:

	<u>2009</u>	<u>2008</u>
Managed accounts	\$ 2,596,914	\$ 4,332,693
Annuities	<u>1,200,789</u>	<u>884,047</u>
Total short-term investments	<u>\$ 3,797,703</u>	<u>\$ 5,216,740</u>

NOTE 4 - PROPERTY AND EQUIPMENT

At December 31, 2009 and 2008, such assets were as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 857,187	\$ 846,824
Land improvements	3,764,035	3,214,474
Buildings	13,693,023	5,295,341
Leasehold improvements	-	17,214
Office furniture and equipment	5,735,759	4,287,977
Automobiles	167,506	146,862
Capitalized interest	69,825	-
Construction in progress	<u>10,624,848</u>	<u>6,633,178</u>
Total property and equipment	34,912,183	20,441,870
Accumulated depreciation	<u>(5,368,446)</u>	<u>(4,151,468)</u>
Net property and equipment	<u>\$ 29,543,737</u>	<u>\$ 16,290,402</u>

Depreciation in the amount of \$1,320,078 and \$840,803 in 2009 and 2008, respectively, has been allocated to program services and supporting activities in the statements of activities.

NOTE 5 - NOTE PAYABLE

During the year ended December 31, 2004, the Organization borrowed \$300,000 from an unrelated organization. The note was non-interest bearing and payable within sixty days upon receipt of written notice from the unrelated organization. During 2009, the Organization paid off the entire balance of the note at the request of the unrelated organization.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LINE OF CREDIT

On December 12, 2007, the Organization entered a \$20,000,000 revolving line of credit loan agreement. Monthly interest payments calculated on the unpaid principal balance, at a fixed interest rate of 5.55 percent, are due beginning January 10, 2008. Beginning April 10, 2011, monthly payments of principal and interest, based on a 20 year amortization, are due. A final payment of all unpaid principal and interest is due on June 10, 2015. The line of credit is collateralized by a construction mortgage on real property and a purchase money security interest in all equipment, furniture, and fixtures. The line of credit contains certain covenants that the Organization must comply with. At December 31, 2009, the Organization was in compliance with all such covenants. At December 31, 2009 and 2008, the Organization had borrowed \$6,506,000 and \$0, respectively.

NOTE 7 - ANNUITIES PAYABLE

The Organization has established a charitable 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. A portion of the transfer is considered to be a charitable contribution for income tax purposes to the donor.

A liability is recognized for the estimated present value of the annuity obligation and the related assets are recorded at fair market value. The difference between the amount provided for the gift annuity and the liability for future payments is recognized as unrestricted contribution income at the date of the gift. The annuity liability is determined actuarially using the current applicable federal rate published by the IRS and applicable mortality tables. The remainder balance of an annuity account is recognized as an unrestricted contribution upon the death of the donor.

At December 31, 2009 and 2008, the total assets related to annuities payable are as follows:

	<u>2009</u>	<u>2008</u>
Short-term investments	<u>\$ 1,200,789</u>	<u>\$ 884,047</u>

Contributions of \$17,606 and \$226,252 were recognized relating to the gift annuities during 2009 and 2008, respectively.

NOTE 8 - ALLOCATION OF JOINT COST

During the years ended December 31, 2009 and 2008, the Organization incurred joint costs of \$8,403,036 and \$7,574,184, respectively, for informational materials and activities that included fundraising appeals. Of this cost, \$2,527,026 and \$2,369,194 were allocated to fundraising expense and \$5,876,010 and \$5,204,990 were allocated to public education expense and U.S. Ministry expense for the years ended December 31, 2009 and 2008, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - RELATED PARTIES

The Organization paid approximately \$172,000 and \$380,000 during 2009 and 2008, respectively, to a for-profit company for printing services. This company provides printing services for operations in foreign countries and the organization has significant influence over it.

The Organization also paid approximately \$154,000 and \$0 during 2009 and 2008, respectively, to a related ministry for technology and media services.

NOTE 10 - RETIREMENT PLAN

The Organization provides a Tax Deferral Savings - Section 403(B) Annuity Plan for its employees. Under the Tax Deferral Savings Plan, each employee is allowed to contribute up to 20 percent of compensation. The Organization matches 100 percent of employee contributions up to an annual discretionary employer percent of employee wages. Contributions of \$29,457 and \$33,461 were made to the plan for the years ended December 31, 2009 and 2008, respectively.

NOTE 11 - LEASE COMMITMENTS

The Organization leases office space and buildings under non-cancelable operating leases expiring in January 2010. The Organization also leases various equipment. Total rental expense for years ending December 31, 2009 and 2008, was \$240,276 and \$191,540, respectively.

Future minimum lease payments are as follows:

2010	\$	400
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NOTE 12 - CONCENTRATION OF CREDIT AND MARKET RISK

The Organization's financial instruments exposed to concentrations of credit risk consist primarily of cash equivalents and investments. The Organization maintains its cash balances at local banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses on its cash equivalents. The Organization maintains its investment balances at a financial institution. The balances are insured by the Securities Investor Protection Corporation up to \$500,000 per entity. At times, the Organization's deposits may exceed insured amounts.

NOTE 13 - GIFTS-IN-KIND

The Organization receives various donated items which are sent to countries in need. Total value of gifts-in-kind received during 2009 and 2008, totaled \$6,704,481 and \$7,458,140, respectively. These noncash transactions are not reflected in the cash flows statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - TRANSLATION ADJUSTMENT

At December 31, 2009 and 2008, the financial statements of the Organization's operations in Thailand were restated in United States currency. The gain or loss is reported as a translation adjustment in the net assets section of the statement of financial position.

The following is a summary of the changes in the translation adjustment account:

Balance at December 31, 2007	\$ 104,455
2008 currency translation adjustment	<u>(134,685)</u>
Balance at December 31, 2008	(30,230)
2009 currency translation adjustment	<u>39,856</u>
Balance at December 31, 2009	<u><u>\$ 9,626</u></u>

NOTE 15 - RESTRICTIONS ON ASSETS

All of the restrictions on assets at the end of 2009 and 2008, relate to funds contributed to support certain mission projects.

Temporarily restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
Central America & Caribbean	\$ -	\$ 62,428
East Asia & Pacific	3,838,851	2,850,701
Europe	2,215	2,213
Mideast & North Africa	44,530	41,898
North America	1,442	1,565
Russia	16,659	13,082
South America	115,051	84,404
South Asia	442,847	372,262
Sub Saharan & Africa	13,731	271,935
Non Region	1,452,871	570,692
	<u><u>\$ 5,928,197</u></u>	<u><u>\$ 4,271,180</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 16 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the occurrence of events specified by the donors. The following amounts reflect only donor-restricted contributions expended on the listed programs.

Purpose restrictions:

	<u>2009</u>	<u>2008</u>
Central America & Caribbean	\$ 72,606	\$ 147,821
East Asia & Pacific	3,324,523	3,919,321
Europe	15,328	41,985
Mideast & North Africa	564,004	553,421
North America	1,337	23,959
Russia	5,513	55,511
South America	445,767	333,622
South Asia	866,498	806,728
Sub Saharan & Africa	7,141,096	8,481,188
Non Region	4,852,988	3,413,038
	<u>\$ 17,289,660</u>	<u>\$ 17,776,594</u>

NOTE 17 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to invest in perpetuity and consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Bibles Unbound	\$ 13,100	\$ 11,300
Pastor Support	21,000	21,000
	<u>\$ 34,100</u>	<u>\$ 32,300</u>

NOTE 18 - COMMITMENTS AND CONTINGENCIES

In 2007, the Board approved \$29,067,405 in construction of new facilities and the Organization entered into various contracts in 2008 and through April 2010, for the construction. The contracts entered through April 2010, total approximately \$26,600,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 19 - PRIOR PERIOD ADJUSTMENT

During 2009, management determined that as of December 31, 2008, inventory had been overstated and publication expenses had been understated by \$532,085. The error was corrected in 2009 and resulted in a \$532,085 decrease in ending unrestricted net assets for the year ended December 31, 2008. The following sets forth the previously reported and restated items as of December 31, 2008, related to the correction of this error:

	<u>As Previously Reported</u>	<u>As Restated</u>
Statement of Financial Position		
Inventory	\$ 1,595,617	\$ 1,063,532
2008 Unrestricted net assets	23,683,919	23,151,834
2008 Total net assets	27,957,169	27,425,084
Statement of Activities		
Publication expenses	\$ 926,351	\$ 1,458,436
Increase in unrestricted net assets	4,047,811	3,515,726
2008 Unrestricted net assets, end of year	23,683,919	23,151,834
2009 Unrestricted net assets, beginning of year	23,683,919	23,151,834
Statement of Cash Flows		
Change in net assets	\$ 5,361,335	\$ 4,829,250
Changes in assets and liabilities		
Inventory	(510,824)	21,261

NOTE 20 - SUBSEQUENT EVENT

The Organization has evaluated subsequent events through May 20, 2010, the date to which the financial statements were available to be issued. In January 2010, the Organization paid \$2,000,000 on the line of credit. In addition, in April 2010, the Organization's revolving line of credit loan agreement was amended and reduced from \$20,000,000 to \$15,000,000.