

TRUTH FOR LIFE

Financial Statements

December 31, 2010 and 2009

TRUTH FOR LIFE
Audited Financial Statements
December 31, 2010 and 2009

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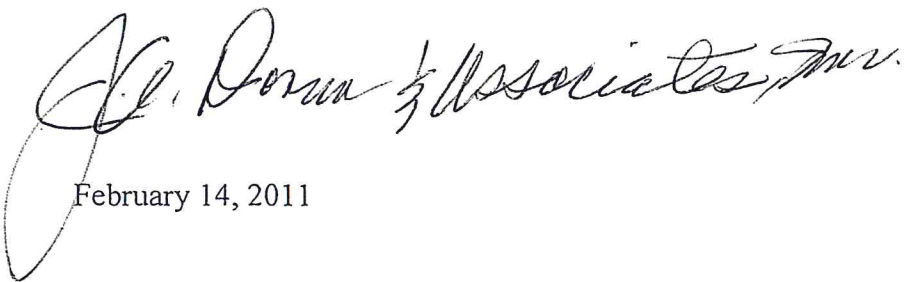
Independent Auditors' Report

To the Board of Directors
Truth for Life
Cleveland, Ohio

We have audited the statement of financial position of Truth for Life (a non-profit organization) as of December 31, 2010 and 2009, and the related statements of activity and cash flow 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Truth for Life as of December 31, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



February 14, 2011

TRUTH FOR LIFE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009

	2010	2009
<u>Assets</u>		
Current Assets:		
Cash and cash equivalents	\$ 849,542	\$ 596,969
Accounts receivable	66,654	29,063
Inventory	176,553	191,402
Investments	853,105	670,396
Prepaid expenses	21,495	57,414
Total Current Assets	1,967,349	1,545,244
Equipment		
Furniture and equipment	643,437	476,986
Less accumulated depreciation	(408,512)	(340,649)
Total Equipment - Net	234,925	136,337
Total Assets	\$ 2,202,274	\$ 1,681,581
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts payable for airtime	\$ 410,183	\$ 431,120
Other accounts payable	43,350	103,823
Total Current Liabilities	453,533	534,943
Net Assets		
Unrestricted		
General	1,748,741	(103,362)
Designated - Station expansion	-	1,250,000
Temporary restricted	-	-
Permanently restricted	-	-
Total Net Assets	1,748,741	1,146,638
Total Liabilities and Net Assets	\$ 2,202,274	\$ 1,681,581

See notes to financial statements.

**TRUTH FOR LIFE
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions	\$ 6,631,766	\$ -	\$ -	\$ 6,631,766
Sales	333,728	-	-	333,728
Interest income and other	702	-	-	702
Contributed rent	65,240	-	-	65,240
Contributed Professional Services	16,955	-	-	16,955
Net assets released from restrictions:				
Restrictions satisfied by payments	-	-	-	-
TOTAL SUPPORT AND REVENUE	7,048,391	-	-	7,048,391
EXPENDITURES				
Program activities	5,716,464	-	-	5,716,464
Supporting activities:				
General and administrative	513,233	-	-	513,233
Fundraising	216,591	-	-	216,591
TOTAL EXPENSES	6,446,288	-	-	6,446,288
INCREASE (DECREASE) IN NET ASSETS	602,103	-	-	602,103
NET ASSETS, BEGINNING OF YEAR	1,146,638	-	-	1,146,638
NET ASSETS, END OF YEAR	\$ 1,748,741	\$ -	\$ -	\$ 1,748,741

See notes to financial statements.

**TRUTH FOR LIFE
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>				
		Designated -			
		Station	Temporarily	Permanently	
	General	Expansion	Restricted	Restricted	Total
SUPPORT AND REVENUE					
Contributions	\$ 5,891,433	\$ -	\$ -	\$ -	\$ 5,891,433
Sales	439,762	-	-	-	439,762
Interest income and other	5,894	-	-	-	5,894
Contributed rent	65,240	-	-	-	65,240
Contributed Professional Services	31,300	-	-	-	31,300
Net assets released from restrictions:					
Restrictions satisfied by payments	-	-	-	-	-
TOTAL SUPPORT AND REVENUE	6,433,629	-	-	-	6,433,629
EXPENDITURES					
Program activities	6,525,621	-	-	-	6,525,621
Supporting activities:					
General and administrative	383,929	-	-	-	383,929
Fundraising	39,647	-	-	-	39,647
TOTAL EXPENSES	6,949,197	-	-	-	6,949,197
INCREASE (DECREASE) IN NET ASSETS	(515,568)	-	-	-	(515,568)
NET ASSETS, BEGINNING OF YEAR	412,206	1,250,000	-	-	1,662,206
NET ASSETS, END OF YEAR	\$ (103,362)	\$ 1,250,000	\$ -	\$ -	\$ 1,146,638

See notes to financial statements.

TRUTH FOR LIFE
CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
OPERATING CASH FLOWS		
Change in net assets	\$ 602,103	\$ (515,568)
Adjustments to reconcile change in net assets provided by operating activities		
Depreciation	67,863	50,699
(Increase) decrease in accounts receivable	(37,591)	(12,802)
(Increase) decrease in inventory	14,849	38,312
(Increase) decrease in prepaid expenses	35,919	(31,493)
Increase (decrease) in accounts payable	(81,410)	60,991
	<u>601,733</u>	<u>(409,861)</u>
Net Operating Cash Flows		
INVESTING CASH FLOWS		
Purchase of fixed assets	(166,451)	(5,199)
(Increase) decrease in investments	(182,709)	501,431
	<u>(349,160)</u>	<u>496,232</u>
Net Investing Cash Flows		
FINANCING CASH FLOWS		
	<u>-</u>	<u>-</u>
Increase (decrease) in Cash		
	252,573	86,371
Cash - Beginning of Period		
	<u>596,969</u>	<u>510,598</u>
Cash - End of Period		
	<u>\$ 849,542</u>	<u>\$ 596,969</u>
Supplemental Disclosures:		
Cash paid for interest	\$ -	\$ -

See notes to financial statements.

TRUTH FOR LIFE
Notes to Financial Statements
December 31, 2010 and 2009

(1) **Nature of Organization**

Truth for Life, incorporated in December 1994, under the laws of the State of Ohio, is a not-for-profit religious corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, it is also exempt from state income taxes, and contributions by the public are deductible for income tax purposes.

Truth for Life, Inc is dedicated to proclaiming the Gospel through radio broadcast ministries and related study materials. The radio broadcasts consist of the sermons of Pastor Alistair Begg, Senior Pastor at Parkside Church in Ohio.

(2) **Summary of Significant Accounting Policies**

The financial statements of Truth for Life have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. A summary of the significant accounting policies is described below to enhance the usefulness of the financial statements to the reader.

- (a) Cash and Cash Equivalents – The organization records as cash and cash equivalents deposits in financial institutions or time deposits excluding money market funds, with an original maturity date of 90 days or less.
- (b) Inventory – Inventory is carried at the lower of cost (first-in, first-out) or market. Inventory consists principally of study materials, tapes of the radio broadcasts, CD's, books and other items for distribution to listeners of the radio program.
- (c) Equipment and Depreciation – Truth for Life's purchased equipment is carried at cost. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Maintenance and repairs are charged to expense as incurred, whereas the cost of property and equipment additions and improvements are capitalized. The cost of assets sold, retired or abandoned, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposition.

Depreciation is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Computers	3-5 years
Equipment	5-7 years

TRUTH FOR LIFE
Notes to Financial Statements
December 31, 2010 and 2009

(2) **Summary of Significant Accounting Policies (Continued)**

(d) Net Assets – The financial statements report amounts by classification of net assets as follows:

- **Unrestricted** amounts are those currently available at the discretion of the board for use in the organization's operations and those resources invested in equipment. Unrestricted net assets consist of general unrestricted net assets as well as unrestricted net assets designated by the Board as station expansion reserves. Effective in the year ended December 31, 2010, the Board did away with the unrestricted net assets designated as station expansion reserves.
- **Temporarily restricted** amounts are those which are stipulated by donors for specific operating purposes or for the acquisition of equipment. As of December 31, 2010 and 2009, Truth for Life has no temporarily restricted net assets.
- **Permanently restricted** amounts are those for which the principal is stipulated by donors to be invested in perpetuity. The income on the funds is used as specified by the donor. As of December 31, 2010 and 2009, Truth for Life has no permanently restricted net assets.

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

(e) Public Support, Revenue and Expenses – Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets to be used directly in the operations, is transferred to Truth for Life Goods given to the ministry that do not have an objective basis for valuation are not recorded.

Sales and other income is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

TRUTH FOR LIFE
Notes to Financial Statements
December 31, 2010 and 2009

(2) **Summary of Significant Accounting Policies (Continued)**

- (f) Contributed Services – Many volunteers have contributed significant amounts of their time to Truth for Life. The volunteer assistance is used primarily in assembling materials for sale and for processing orders. No amounts have been reflected in the financial statements for these contributed services. The value of these donated services are not recorded as income because they do not meet the criteria for recording donated services.
- (g) Contributed Rent – The office space used for the headquarters of Truth for Life are provided to the Organization at no cost. The estimated fair market rental value for the office facilities has been included in the financial statements for the years ended December 31, 2010 and 2009, as income and expense in the amount of \$65,240 and \$65,240, respectively.
- (h) Contributed Professional Services – A professional radio announcer has contributed his services to the organization at no cost. The estimated fair market value of these services has been included in the financial statements. For the years ended December 31, 2010 and 2009, the Organization has reflected as income and expense the amounts of \$16,955 and \$31,300, respectively for the announcers services.
- (i) Functional Allocation of Expenses – The costs of providing the various program services and supporting activities have been summarized on a functional basis in the financial statements. Certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities.
- (j) Use of 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. Accordingly, actual results could differ from those estimates.
- (k) Change in Accounting Year End – Effective December 31, 1999, The Organization changed its accounting year end to December 31 for tax and financial reporting purposes. Previously, the Organization used an accounting year end of June 30.
- (l) Reclassification – Certain prior year amounts have been reclassified to conform to the December 31, 2010 financial statement presentation.

TRUTH FOR LIFE
Notes to Financial Statements
December 31, 2010 and 2009

(3) **Equipment**

Equipment consists of the following:

	December 31,	
	2010	2009
Furniture, computers and equipment purchased	\$ 639,437	\$472,986
Computer equipment donated	4,000	4,000
	643,437	476,986
Less: Accumulated depreciation	(408,512)	(340,649)
Total Equipment – Net	\$ 234,925	\$ 136,337

Depreciation expense was \$67,863 for the year ended December 31, 2010 and \$50,699 for the year ended December 31, 2009.

(4) **Investments**

At December 31, 2010 and 2009, Truth for Life held the following investments:

	2010	2009
Money Market Funds	\$ 852,130	\$ 670,396
Certificates of Deposit	-0-	-0-
Common stocks	975	-0-
Total	\$ 853,105	\$ 670,396

(5) **Concentration of Credit Risk**

At various times during 2010 and 2009, the Organization had deposits with financial institutions in excess of the \$250,000 federally insured limit.

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December 31, 2010 and 2009

(6) **Concentration of Donors**

Approximately 19% and 25% of total cash contributions were received from a small group of donors for the years ended December 31, 2010 and 2009, respectively.

(7) **Commitments**

The cost of radio airtime was \$4,253,489 and \$4,551,959 for the years ended December 31, 2010 and 2009, respectively. A majority of these costs are associated with 60 to 80 out of over 200 radio stations. The contracts with those radio stations are cancelable with thirty (30) days notice.