



OpenDoors®
Serving persecuted **Christians** worldwide

OPEN DOORS WITH
BROTHER ANDREW, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2017 and 2016

OPEN DOORS WITH BROTHER ANDREW, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Open Doors with Brother Andrew, Inc.
Santa Ana, California

We have audited the accompanying financial statements of Open Doors with Brother Andrew, Inc. (the Ministry), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, 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 the Ministry'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 the Ministry'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.

Board of Directors
Open Doors with Brother Andrew, Inc.
Santa Ana, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Open Doors with Brother Andrew, Inc. as of December 31, 2017 and 2016, and the changes in its net assets, functional allocation of expenses 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
May 25, 2018

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Financial Position

	December 31,					
	2017			2016		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
ASSETS:						
Cash and cash equivalents	\$ 2,455,328	\$ -	\$ 2,455,328	\$ 2,552,266	\$ 34,263	\$ 2,586,529
Inventory	24,898	-	24,898	19,010	-	19,010
Estate receivables	-	612,400	612,400	-	212,039	212,039
Prepaid expenses and other assets	460,627	-	460,627	423,219	-	423,219
Investments held for operations (note 3)	2,094,763	-	2,094,763	2,050,273	-	2,050,273
Investments of gift annuities (note 3)	1,892,234	-	1,892,234	1,639,885	-	1,639,885
Investments held in irrevocable trusts (note 3)	-	84,537	84,537	-	79,815	79,815
Investments held in revocable trusts (note 3)	-	63,453	63,453	-	58,792	58,792
Building and equipment, net (note 4)	958,445	-	958,445	1,057,703	-	1,057,703
Total Assets	\$ 7,886,295	\$ 760,390	\$ 8,646,685	\$ 7,742,356	\$ 384,909	\$ 8,127,265
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	\$ 73,021	\$ -	\$ 73,021	\$ 159,768	\$ -	\$ 159,768
Accrued salaries and benefits	274,700	-	274,700	216,732	-	216,732
Amounts due affiliates	1,072,773	-	1,072,773	771,563	-	771,563
Distributions payable to donors:						
Gift annuities	1,418,126	-	1,418,126	1,353,338	-	1,353,338
Irrevocable trusts	-	30,218	30,218	-	30,021	30,021
Revocable trusts	-	63,453	63,453	-	58,792	58,792
Lease obligation	3,860	-	3,860	7,507	-	7,507
	2,842,480	93,671	2,936,151	2,508,908	88,813	2,597,721
Net assets:						
Unrestricted	5,043,815	-	5,043,815	5,233,448	-	5,233,448
Temporarily restricted	-	666,719	666,719	-	296,096	296,096
	5,043,815	666,719	5,710,534	5,233,448	296,096	5,529,544
Total Liabilities and Net Assets	\$ 7,886,295	\$ 760,390	\$ 8,646,685	\$ 7,742,356	\$ 384,909	\$ 8,127,265

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Activities

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 23,006,610	\$ 461,788	\$ 23,468,398	\$ 20,465,939	\$ 183,513	\$ 20,649,452
Books and ministry products	20,745	-	20,745	30,909	-	30,909
Royalties, dividends, and interest	87,069	-	87,069	70,137	-	70,137
Other revenue	60,165	-	60,165	44,661	-	44,661
Change in value of split interest agreements	(88,004)	4,525	(83,479)	(33,795)	27,462	(6,333)
Realized gain (loss) on investments	59,754	-	59,754	(16,012)	-	(16,012)
Unrealized gain on investments	79,261	-	79,261	92,785	-	92,785
Reclassifications:						
Funds released for operations	95,690	(95,690)	-	603,655	(603,655)	-
Net assets released from matured trusts	-	-	-	30,006	(30,006)	-
Total Support and Revenue	23,321,290	370,623	23,691,913	21,288,285	(422,686)	20,865,599
EXPENSES:						
Serving the Suffering Church by:						
Public awareness and motivation	5,138,475	-	5,138,475	5,074,786	-	5,074,786
Socio-economic development	4,114,305	-	4,114,305	4,734,166	-	4,734,166
Bible and literature distribution	3,718,308	-	3,718,308	4,955,672	-	4,955,672
Training	3,482,433	-	3,482,433	1,082,257	-	1,082,257
Research and advocacy	724,130	-	724,130	409,651	-	409,651
Total program services	17,177,651	-	17,177,651	16,256,532	-	16,256,532
Supporting the Suffering Church by:						
Fund-raising	4,021,047	-	4,021,047	2,512,947	-	2,512,947
Administration	2,312,225	-	2,312,225	2,095,423	-	2,095,423
Total supporting activities	6,333,272	-	6,333,272	4,608,370	-	4,608,370
Total Expenses	23,510,923	-	23,510,923	20,864,902	-	20,864,902
Change in net assets	(189,633)	370,623	180,990	423,383	(422,686)	697
Net assets at the beginning of the year	5,233,448	296,096	5,529,544	4,810,065	718,782	5,528,847
Net assets at the end of the year	\$ 5,043,815	\$ 666,719	\$ 5,710,534	\$ 5,233,448	\$ 296,096	\$ 5,529,544

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statement of Functional Expenses

Year Ended December 31, 2017

	Bible and literature distribution	Training	Public awareness and motivation in the Free World	Research and advocacy	Socio-economic development	Administration	Fund-raising	Total
Salaries and benefits	\$ -	\$ -	\$ 2,627,884	\$ 189,042	\$ -	\$ 1,274,699	\$ 525,742	\$ 4,617,367
Support of other ministries	3,718,308	3,482,433	20,000	342,544	4,114,305	-	-	11,677,590
Other employee benefits	-	-	14,832	972	-	53,837	2,236	71,877
Legal and professional	-	-	734,327	81,968	-	376,175	1,701,514	2,893,984
Advertising and promotion	-	-	242,749	23,896	-	18,021	680,563	965,229
Travel	-	-	395,594	69,678	-	88,535	46,629	600,436
Freight and postage	-	-	213,221	1,272	-	31,935	430,459	676,887
Telephone and utilities	-	-	61,156	3,294	-	13,031	4,962	82,443
Depreciation and amortization	-	-	129,034	1,632	-	32,876	7,875	171,417
Repairs and maintenance	-	-	60,710	268	-	109,105	1,569	171,652
Printing	-	-	297,329	1,134	-	10,976	446,479	755,918
Supplies	-	-	40,339	3,349	-	15,480	4,997	64,165
Rent	-	-	43,313	573	-	8,290	2,115	54,291
Books and literature	-	-	51,090	482	-	109	7,897	59,578
Radio	-	-	14,500	-	-	-	117,964	132,464
Other	-	-	192,397	4,026	-	279,156	40,046	515,625
	<u>\$ 3,718,308</u>	<u>\$ 3,482,433</u>	<u>\$ 5,138,475</u>	<u>\$ 724,130</u>	<u>\$ 4,114,305</u>	<u>\$ 2,312,225</u>	<u>\$ 4,021,047</u>	<u>\$ 23,510,923</u>

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statement of Functional Expenses

Year Ended December 31, 2016

	Bible and literature distribution	Training	Public awareness and motivation in the Free World	Research and advocacy	Socio-economic development	Administration	Fund-raising	Total
Salaries and benefits	\$ -	\$ -	\$ 2,324,566	\$ 194,995	\$ -	\$ 1,320,102	\$ 447,455	\$ 4,287,118
Support of other ministries	4,955,672	1,082,257	50,000	26,621	4,734,166	-	-	10,848,716
Other employee benefits	-	-	6,258	96	-	26,386	366	33,106
Legal and professional	-	-	1,009,439	54,680	-	198,585	944,273	2,206,977
Advertising and promotion	-	-	311,910	63,219	-	4,699	173,677	553,505
Travel	-	-	475,394	49,697	-	81,932	36,428	643,451
Freight and postage	-	-	191,193	784	-	34,057	347,062	573,096
Telephone and utilities	-	-	60,505	3,479	-	13,381	5,313	82,678
Depreciation and amortization	-	-	123,247	2,046	-	39,479	6,873	171,645
Repairs and maintenance	-	-	39,790	219	-	65,600	1,490	107,099
Printing	-	-	184,791	2,062	-	13,748	401,912	602,513
Supplies	-	-	53,670	1,373	-	31,676	5,472	92,191
Rent	-	-	48,009	411	-	28,950	1,513	78,883
Books and literature	-	-	51,775	307	-	549	9,881	62,512
Films	-	-	-	-	-	-	-	-
Radio	-	-	13,284	-	-	-	97,471	110,755
Other	-	-	130,955	9,662	-	236,279	33,761	410,657
	<u>\$ 4,955,672</u>	<u>\$ 1,082,257</u>	<u>\$ 5,074,786</u>	<u>\$ 409,651</u>	<u>\$ 4,734,166</u>	<u>\$ 2,095,423</u>	<u>\$ 2,512,947</u>	<u>\$ 20,864,902</u>

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 180,990	\$ 697
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	171,417	171,645
Donated assets	(16,893)	(33,987)
Unrealized gain on investments	(79,261)	(92,785)
Realized (gain) loss on investments	(59,754)	16,012
Unrealized gain on trust assets	(3,882)	(1,035)
Realized loss on trust assets	-	308
Change in value of trusts	(643)	(26,272)
Payments on gift annuity obligations	154,747	142,371
Actuarial change for gift annuities	(29,103)	(39,602)
Maturities of gift annuities	(37,640)	(70,164)
Changes in assets and liabilities:		
Estate receivables	(400,361)	148,138
Inventory	(5,888)	12,496
Prepaid expenses and other assets	(37,408)	42,894
Accounts payable and accrued expenses	(86,747)	60,753
Accrued salaries and benefits	57,968	20,796
Amounts due affiliates	301,210	(1,108,355)
Net Cash Provided (used) By Operating Activities	108,752	(756,090)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed asset additions	(68,038)	(94,140)
Purchases of investments	(335,254)	(155,731)
Proceeds from the sale of investments	188,824	131,304
Net Cash Used in Investing Activities	(214,468)	(118,567)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on trust and annuity obligations	(159,977)	(148,853)
Face value of new gift annuities	255,000	110,000
Gift portion of new gift annuities	(123,469)	(45,035)
Investment income in trusts	10,731	4,484
Payments on capital lease	(7,770)	(12,329)
Net Cash Used in Financing Activities	(25,485)	(91,733)
Net Change in Cash and Cash Equivalents	(131,201)	(966,390)
Cash and Cash Equivalents, Beginning of Year	2,586,529	3,552,919
Cash and Cash Equivalents, End of Year	\$ 2,455,328	\$ 2,586,529

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

1. ORGANIZATION:

Description of Organization

Open Doors with Brother Andrew, Inc. (the Ministry) is a ministry of Open Doors International, Inc. (the Organization), a worldwide organization incorporated in the Netherlands. The Ministry is a national affiliate of the Organization and has the nonexclusive right to use the name and logo under an Affiliation Agreement. The Affiliation Agreement is subject to a six-year renewal period and can be revoked by the Organization at anytime by giving 100 days written notice.

The Organization defines its vision statement as follows:

Our purpose:

To strengthen and equip the Body of Christ living under or facing restriction and persecution because of their faith in Jesus Christ, and to encourage their involvement in world evangelism by:

- Providing Bibles, literature, media, leadership training, socio-economic development, and intercessory prayer;
- Preparing the Body of Christ living in threatened or unstable areas to face persecution and suffering;
- Educating and mobilizing the Body of Christ living in the Free World to identify with threatened and persecuted Christians and be actively involved in assisting them.

We do so because we believe that when one member suffers, all members suffer with it (1 Corinthians 12:26). All doors are open and God enables His Body to go into all the world and preach the Gospel.

The Ministry is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the Ministry is subject to federal income tax on any unrelated business taxable income. In addition, the Ministry is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The primary source of revenue for the Ministry is contributions by the public, which are eligible to be deducted for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The financial statements of the Ministry have been prepared on the accrual basis of accounting. The Ministry records contributions received for each net asset category in accordance with donor imposed restrictions. A description of the net asset categories as reported in the accompanying financial statements are as follows:

- *Unrestricted net assets* represent contributions raised through various fund-raising efforts and campaigns available for support of operations, including amounts donated through gift annuities available for use at the time of receipt, as well as the Ministry's investment in building and equipment.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

- *Temporarily restricted net assets* represent amounts donated through charitable remainder trusts unavailable for use until the expiration of the trust agreement. Investment income is reinvested in the trust or used to make required pay outs to donors throughout their lifetimes. It also includes estates receivable not yet received.

Temporarily restricted contributions received and spent in the same year have been recorded as unrestricted support.

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 the Ministry. Conditional promises-to-give are recognized as revenue when the conditions on which they depend are substantially met. The Ministry receives gifts in kind, which are recorded as support at the estimated fair market value on the date of the gift.

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 for operations.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when funds are spent to purchase or construct the property or other long-lived asset.

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

Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Ministry considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. These accounts may, at times, exceed federally insured limits. The Ministry has not experienced any losses in such accounts. At December 31, 2017 and 2016, the Ministry's cash balances exceeded federally insured limits by \$889,746 and \$998,351, respectively. The Ministry does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

Investments

The Ministry's investments represent donations received through gift annuities, revocable trusts, and irrevocable trusts, and assets for operations. These funds have been invested to make future payments to the beneficiaries under the terms of the agreements. Each split interest investment has an associated liability on the statements of financial position. Investments include money market accounts, fixed income and equity mutual funds, stocks, and indexed annuities for long-term investment purposes. The Ministry carries its investments at fair value with the exception of indexed annuities which are carried at the cash surrender value. Fair value was determined by using quoted market prices. Money market funds in trusts have been included in investments to reflect the restrictions on these funds. Gains or losses on split interest agreements are recorded as changes in the value of split interest agreements when market values fluctuate from cost (see note 3). Investments held in revocable trusts for which the Ministry acts as trustee are shown as investments with a corresponding liability until ownership passes to the Ministry.

Inventory

Inventory consists of books and DVDs used in the Ministry and are valued on a FIFO (first in, first out) basis at the lower of cost or market. There is no reserve for obsolescence at December 31, 2017 and 2016.

Estate Receivables

The Ministry is regularly included in wills and estates of individuals. When a donor has passed away, the Ministry is notified and records a receivable based on the amount expected to be received. No specific timetable is set for these receipts, but are generally expected to be received within a year.

Annuity and Trust Obligations

As part of the Ministry's irrevocable charitable remainder trust and gift annuities agreements, future payments must be made to the donors or other beneficiaries from trust assets. At the time of the gift, the Ministry recognized revenue for the fair value of the trust assets less the present value of the estimated future payments to the donor or other beneficiaries. A liability was established for the difference between the fair market value of the assets the Ministry held in trust and the revenue recognized. This liability is decreased as benefit payments are made to the donors and beneficiaries each year. Any fluctuations in the market value of the related trust assets and any income earned on the trust assets affect this liability.

Building, Equipment, and Depreciation

Purchased property and equipment with a value of \$2,500 or greater is capitalized and stated at cost, net of accumulated depreciation and amortization. Contributed property and equipment is reported at the fair market value on the date of the gift, net of accumulated depreciation and amortization.

Depreciation of equipment is provided over the estimated useful lives on a straight-line basis. The useful lives of equipment and furniture and fixtures range from three to ten years. The useful life of the building is thirty years.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

Film and Literary Rights

The Ministry has acquired the rights to several religious films and publications. Management has elected to expense these rights at the time of acquisition as future benefits are undeterminable.

Use of Estimates

Management of the Ministry has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Allocation of Functional Expenses

The costs of providing the various programs and other 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 and supporting activities.

Allocation of Joint Costs

The Ministry has adopted the Joint Cost topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). This statement requires that all costs that contain any fund-raising appeal be allocated to fund-raising unless all of the following conditions are met: purpose, audience and content. For the years ended December 31, 2017 and 2016, the Ministry incurred the following joint costs:

December 31, 2017:

	<u>Program</u>	<u>Administration</u>	<u>Fund-raising</u>	<u>Total Expenses</u>
Ministry magazine	\$ 367,853	\$ -	\$ 31,987	\$ 399,840
Website	325,752	-	36,195	361,947
Media	283,219	-	31,469	314,688
Field representatives	836,254	146,079	179,182	1,161,515
International Day of Prayer and church relations	<u>795,899</u>	<u>-</u>	<u>93,281</u>	<u>889,180</u>
	<u>\$ 2,608,977</u>	<u>\$ 146,079</u>	<u>\$ 372,114</u>	<u>\$ 3,127,170</u>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

Allocation of Joint Costs, continued

December 31, 2016:

	Program	Administration	Fund-raising	Total Expenses
Ministry magazine	\$ 308,229	\$ -	\$ 26,803	\$ 335,032
Website	409,756	-	45,528	455,284
Media	364,505	-	40,501	405,006
Field representatives	639,079	74,275	120,851	834,205
International Day of Prayer and church relations	504,638	47,695	11,137	563,470
Special campaigns	2,735	-	144	2,879
	\$ 2,228,942	\$ 121,970	\$ 244,964	\$ 2,595,876

3. INVESTMENTS:

Investments in debt and equity securities with readily determinable fair values are reported at fair value with gains and losses included in the statements of activities. Fair value is determined by using quoted market prices.

Investments are recorded in the statements of financial position in the following categories at December 31, 2017 and 2016:

	2017	2016
Investments held for operations	\$ 2,094,763	\$ 2,050,273
Investments of gift annuities	1,892,234	1,639,885
Investments held in irrevocable trusts	84,537	79,815
Investments held in revocable trusts	63,453	58,792
	\$ 4,134,987	\$ 3,828,765

Investments by type as of December 31, 2017 and 2016, are as follows:

	2017	2016
Cash and cash equivalents	\$ 244,838	\$ 522,911
Mutual funds	3,662,397	3,094,253
Indexed annuities	227,752	211,601
	\$ 4,134,987	\$ 3,828,765

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

3. INVESTMENTS, continued:

The Ministry has adopted the provisions of the Fair Value Measurements and Disclosure Topic of the FASB Accounting Standards Codification. These standards establish 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. The Ministry uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Ministry measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

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 December 31, 2017 and 2016.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2017:				
Mutual funds:				
Global equity	\$ 102,013	\$ 102,013	\$ -	\$ -
Developing markets	18,858	18,858	-	-
Large-cap growth equity	255,039	255,039	-	-
Large-cap value equity	249,800	249,800	-	-
Fixed income high yield	14,726	14,726	-	-
Fixed income bond	2,001,001	2,001,001	-	-
Fixed income short bond	735,509	735,509	-	-
REIT	97,434	97,434	-	-
Small-cap growth equity	63,879	63,879	-	-
Small-cap value equity	124,138	124,138	-	-
Indexed annuities	227,752	-	227,752	-
	<u>\$ 3,890,149</u>	<u>\$ 3,662,397</u>	<u>\$ 227,752</u>	<u>\$ -</u>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

3. INVESTMENTS, continued:

	Total	Level 1	Level 2	Level 3
December 31, 2016:				
Mutual funds:				
Global equity	\$ 183,347	\$ 183,347	\$ -	\$ -
Developing markets	9,121	9,121	-	-
Large-cap growth equity	229,265	229,265	-	-
Large-cap value equity	245,778	245,778	-	-
Fixed income high yield	6,731	6,731	-	-
Fixed income bond	868,600	868,600	-	-
Fixed income short bond	1,339,946	1,339,946	-	-
REIT	70,193	70,193	-	-
Small-cap growth equity	64,020	64,020	-	-
Small-cap value equity	69,262	69,262	-	-
Balanced	7,990	7,990	-	-
Indexed annuities	211,601	-	211,601	-
	\$ 3,305,854	\$ 3,094,253	\$ 211,601	\$ -

Investment income for the year ended December 31, 2017 and 2016, consists of:

	2017	2016
Dividends	77,918	\$ 54,480
Interest	5,678	9,484
Royalties	3,473	6,173
Unrealized gains	79,261	92,785
Realized gains (losses)	59,754	(16,012)
	\$ 226,084	\$ 146,910

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2017 and 2016

3. INVESTMENTS, continued:

Change in value of split interest agreements as of December 31, 2017 and 2016, consists of:

	2017	2016
Dividends and realized gain	\$ 3,375	\$ 2,961
Unrealized gain	5,287	1,035
Payments to trustors and annuitants	(158,687)	(147,198)
Matured agreements	37,650	98,982
Actuarial adjustment	28,896	37,887
	\$ (83,479)	\$ (6,333)

4. BUILDING AND EQUIPMENT:

Building and equipment as of December 31, 2017 and 2016, at cost, consists of:

	2017	2016
Building	\$ 853,669	\$ 853,669
Building improvements	1,058,685	1,058,685
Computer hardware and software	552,107	676,690
Office equipment	459,455	490,178
Assets in process	56,475	-
	2,980,391	3,079,222
Less accumulated depreciation and amortization	(2,021,946)	(2,021,519)
	\$ 958,445	\$ 1,057,703

The Ministry disposed of \$423,291 and \$18,294 of fully depreciated fixed assets during the years ended December, 31, 2017 and 2016, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes or periods:

	2017	2016
Estate receivables	\$ 612,400	\$ 212,039
Trusts	54,319	49,794
Mission-related grants	-	34,263
	\$ 666,719	\$ 296,096

OPEN DOORS WITH BROTHER ANDREW, INC.

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6. RELATED PARTY TRANSACTIONS:

Program services include \$11,657,590 and \$10,673,716 of payments to be made directly to Open Doors International, Inc. and its ministries (ODI) for the years ended December 31, 2017 and 2016, respectively. These disbursements are allocated between expense amounts in the statements of activities based on estimated actual expenditures as provided by ODI. In 2017 and 2016, amounts due affiliates of \$1,072,773 and \$771,563, respectively, represented grants promised to ODI but not yet paid. Amounts due from affiliates of \$1,281 represented operational expenses not yet received from ODI in 2017.

For the years ended December 31, 2017 and 2016, the Ministry purchased attorney services in the amount of \$750 and \$903, respectively, with a law firm of which a board member is a partner.

The Ministry also purchased recruiting services from a firm of which a board member is the principal in the amount of \$79,020 for the year ended December 31, 2017.

7. PENSION PLAN:

The Ministry has a defined contribution pension plan covering substantially all of its employees. Depending on years of service, contributions are made at 6.0 to 8.0% of each covered employee's compensation and totaled \$202,568 and \$186,452 during the years ended December 31, 2017 and 2016, respectively.

8. SUBSEQUENT EVENTS:

Subsequent events were evaluated through May 25, 2018, which is the date the financial statements were available to be issued.