



OpenDoors[®]
Serving persecuted **Christians** worldwide

OPEN DOORS
WITH BROTHER ANDREW, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2018 and 2017

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., which comprise the statements of financial position as of December 31, 2018 and 2017, 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 entity'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 entity'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, 2018 and 2017, 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.

Emphasis of Matter

Open Doors with Brother Andrew, Inc. has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, as described in note 2. This has no material effect on the presentation of the December 31, 2018 and 2017, financial statements. Our opinion is not modified with respect to this matter.

Capin Crouse LLP

Brea, California
April 11, 2019

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Financial Position

	December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS:						
Cash and cash equivalents	\$ 2,546,016	\$ -	\$ 2,546,016	\$ 2,455,328	\$ -	\$ 2,455,328
Estate receivables	-	30,989	30,989	-	612,400	612,400
Prepaid expenses and other assets	734,964	-	734,964	485,525	-	485,525
Investments held for operations (note 3)	2,177,310	-	2,177,310	2,094,763	-	2,094,763
Investments of gift annuities (note 3)	1,833,026	-	1,833,026	1,892,234	-	1,892,234
Investments held in irrevocable trusts (note 3)	-	51,171	51,171	-	84,537	84,537
Investments held in revocable trusts (note 3)	-	57,410	57,410	-	63,453	63,453
Building and equipment, net (note 4)	1,020,721	-	1,020,721	958,445	-	958,445
Total Assets	\$ 8,312,037	\$ 139,570	\$ 8,451,607	\$ 7,886,295	\$ 760,390	\$ 8,646,685
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	\$ 345,793	\$ -	\$ 345,793	\$ 73,021	\$ -	\$ 73,021
Accrued salaries and benefits	331,312	-	331,312	274,700	-	274,700
Amounts due affiliates	908,000	-	908,000	1,072,773	-	1,072,773
Distributions payable to donors:						
Gift annuities	1,496,322	-	1,496,322	1,418,126	-	1,418,126
Irrevocable trusts	-	13,617	13,617	-	30,218	30,218
Revocable trusts	-	57,410	57,410	-	63,453	63,453
Lease obligation	2,994	-	2,994	3,860	-	3,860
	3,084,421	71,027	3,155,448	2,842,480	93,671	2,936,151
Net assets:						
Without donor restrictions	5,227,616	-	5,227,616	5,043,815	-	5,043,815
With donor restrictions	-	68,543	68,543	-	666,719	666,719
	5,227,616	68,543	5,296,159	5,043,815	666,719	5,710,534
Total Liabilities and Net Assets	\$ 8,312,037	\$ 139,570	\$ 8,451,607	\$ 7,886,295	\$ 760,390	\$ 8,646,685

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:						
Contributions	\$ 26,474,152	\$ 21,670	\$ 26,495,822	\$ 23,006,610	\$ 461,788	\$ 23,468,398
Books and ministry products	13,461	-	13,461	20,745	-	20,745
Other revenue	60,092	-	60,092	60,165	-	60,165
Change in value of split interest agreements	(73,205)	(3,380)	(76,585)	(88,004)	4,525	(83,479)
Investment income	(82,037)	-	(82,037)	226,084	-	226,084
Reclassifications:						
Funds released for operations	603,081	(603,081)	-	95,690	(95,690)	-
Net assets released from matured trusts	13,385	(13,385)	-	-	-	-
Total Support and Revenue	27,008,929	(598,176)	26,410,753	23,321,290	370,623	23,691,913
EXPENSES:						
Serving the Suffering Church by:						
Public awareness and motivation	6,779,077	-	6,779,077	5,138,475	-	5,138,475
Socio-economic development	4,049,825	-	4,049,825	4,114,305	-	4,114,305
Bible and literature distribution	3,546,434	-	3,546,434	3,718,308	-	3,718,308
Training	4,137,463	-	4,137,463	3,482,433	-	3,482,433
Research and advocacy	778,335	-	778,335	724,130	-	724,130
Total program services	19,291,134	-	19,291,134	17,177,651	-	17,177,651
Supporting the Suffering Church by:						
Fund-raising	4,702,149	-	4,702,149	4,021,047	-	4,021,047
Administration	2,831,845	-	2,831,845	2,312,225	-	2,312,225
Total supporting activities	7,533,994	-	7,533,994	6,333,272	-	6,333,272
Total Expenses	26,825,128	-	26,825,128	23,510,923	-	23,510,923
Change in net assets	183,801	(598,176)	(414,375)	(189,633)	370,623	180,990
Net assets at the beginning of the year	5,043,815	666,719	5,710,534	5,233,448	296,096	5,529,544
Net assets at the end of the year	\$ 5,227,616	\$ 68,543	\$ 5,296,159	\$ 5,043,815	\$ 666,719	\$ 5,710,534

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services					Supporting Activities		Total
	Bible and literature distribution	Training	Public awareness and motivation in the Free World	Research and advocacy	Socio-economic development	Administration	Fund-raising	
Salaries and benefits	\$ -	\$ -	\$ 3,325,294	\$ 188,608	\$ -	\$ 1,739,364	\$ 820,156	\$ 6,073,422
Support of other ministries	3,546,434	4,137,463	-	367,266	4,049,825	-	-	12,100,988
Other employee benefits	-	-	10,264	3,180	-	63,955	1,085	78,484
Legal and professional	-	-	1,243,534	70,395	-	319,609	1,670,883	3,304,421
Advertising and promotion	-	-	385,818	17,101	-	11,131	1,170,267	1,584,317
Travel	-	-	664,711	97,648	-	104,629	95,654	962,642
Freight and postage	-	-	284,806	1,525	-	40,477	434,907	761,715
Telephone and utilities	-	-	65,397	4,441	-	13,979	5,342	89,159
Depreciation and amortization	-	-	122,337	1,158	-	33,186	11,649	168,330
Repairs and maintenance	-	-	128,455	1,762	-	139,142	38,984	308,343
Printing	-	-	365,010	3,054	-	15,345	386,832	770,241
Supplies	-	-	45,060	4,335	-	21,066	8,231	78,692
Rent	-	-	42,447	789	-	9,767	2,416	55,419
Books and literature	-	-	22,411	251	-	966	738	24,366
Other	-	-	73,533	16,822	-	319,229	55,005	464,589
	<u>\$ 3,546,434</u>	<u>\$ 4,137,463</u>	<u>\$ 6,779,077</u>	<u>\$ 778,335</u>	<u>\$ 4,049,825</u>	<u>\$ 2,831,845</u>	<u>\$ 4,702,149</u>	<u>\$ 26,825,128</u>

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services					Supporting Activities		Total
	Bible and literature distribution	Training	Public awareness and motivation in the Free World	Research and advocacy	Socio-economic development	Administration	Fund-raising	
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
	\$ 3,718,308	\$ 3,482,433	\$ 5,138,475	\$ 724,130	\$ 4,114,305	\$ 2,312,225	\$ 4,021,047	\$ 23,510,923

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (414,375)	\$ 180,990
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	168,330	171,417
Donated assets	(11,754)	(16,893)
Unrealized (gain) loss on investments	132,371	(79,261)
Realized (gain) loss on investments	39,421	(59,754)
Unrealized gain on trust assets	6,615	(3,882)
Change in value of trusts	(29,972)	(643)
Payments on gift annuity obligations	162,604	154,747
Actuarial change for gift annuities	(11,487)	(29,103)
Maturities of trusts and gift annuities	(64,688)	(37,640)
Changes in assets and liabilities:		
Estate receivables	581,411	(400,361)
Prepaid expenses and other assets	(249,439)	(43,296)
Accounts payable and accrued expenses	272,772	(86,747)
Accrued salaries and benefits	56,612	57,968
Amounts due affiliates	(164,773)	301,210
Net Cash Provided By Operating Activities	473,648	108,752
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed asset additions	(230,605)	(68,038)
Purchases of investments	(1,717,711)	(335,254)
Proceeds from the sale of investments	1,567,127	188,824
Net Cash Used in Investing Activities	(381,189)	(214,468)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on trust and annuity obligations	(160,969)	(159,977)
Face value of new gift annuities	308,742	255,000
Gift portion of new gift annuities	(154,371)	(123,469)
Investment income in trusts	5,693	10,731
Payments on capital lease	(866)	(7,770)
Net Cash Used in Financing Activities	(1,771)	(25,485)
Net Change in Cash and Cash Equivalents	90,688	(131,201)
Cash and Cash Equivalents, Beginning of Year	2,455,328	2,586,529
Cash and Cash Equivalents, End of Year	\$ 2,546,016	\$ 2,455,328

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

1. NATURE 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.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

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

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, 2018 and 2017, the Ministry's cash balances exceeded federally insured limits by \$1,248,444 and \$1,168,598, respectively. In addition, the Ministry maintains its cash in bank deposit accounts that are insured by the National Credit Union Administration (NCUA) up to a limit of \$250,000 per depositor which further insures \$316,942 and \$278,852 as of December 31, 2018 and 2017, respectively. The Ministry does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

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.

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.

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 recorded 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, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

Net Assets

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:

- *Net assets without donor restrictions* 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. These funds also represent contributions internally designated by the board for operating and opportunity reserves, which intended to provide internal funding for unplanned events or special identified needs to further the mission of the organization, respectively.
- *Net assets with donor restrictions* 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.

Contributions with donor restrictions received and spent in the same year have been recorded as net assets without donor restrictions.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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

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 financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Ministry. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. All other natural classification of expense categories are allocated based on estimates of time and costs.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2018 and 2017, the Ministry incurred the following joint costs:

December 31, 2018:

	<u>Program</u>	<u>Administration</u>	<u>Fund-raising</u>	<u>Total Expenses</u>
Ministry magazine	\$ 410,982	\$ -	\$ 26,233	\$ 437,215
Website	739,053	46,191	138,572	923,816
Media	993,505	60,951	164,568	1,219,025
Field representatives	1,016,627	90,081	180,162	1,286,869
International Day of Prayer and church relations	908,976	38,418	21,380	968,773
Events	418,866	26,179	78,537	523,582
	<u>\$ 4,488,008</u>	<u>\$ 261,820</u>	<u>\$ 609,452</u>	<u>\$ 5,359,280</u>

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	795,899	-	93,281	889,180
	<u>\$ 2,608,977</u>	<u>\$ 146,079</u>	<u>\$ 372,114</u>	<u>\$ 3,127,170</u>

Recently Issued Accounting Standards

In 2016, FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The Ministry adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 8), and disclosure of expenses by both natural and functional classification.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investments held for operations	\$ 2,177,310	\$ 2,094,763
Investments of gift annuities	1,833,026	1,892,234
Investments held in irrevocable trusts	51,171	84,537
Investments held in revocable trusts	57,410	63,453
	<u>\$ 4,118,917</u>	<u>\$ 4,134,987</u>

Investments by type as of December 31, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 2,303,404	\$ 244,838
Mutual funds	1,571,463	3,662,397
Indexed annuities	244,050	227,752
	<u>\$ 4,118,917</u>	<u>\$ 4,134,987</u>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

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, 2018 and 2017.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2018:				
Investments:				
Mutual funds:				
Global equity	\$ 84,192	\$ 84,192	\$ -	\$ -
Developing markets	53,007	53,007	-	-
Large-cap growth equity	229,910	229,910	-	-
Large-cap value equity	221,787	221,787	-	-
Large-cap domestic equity	14,533	14,533	-	-
Fixed income high yield	13,420	13,420	-	-
Fixed income bond	660,359	660,359	-	-
Fixed income short bond	85,558	85,558	-	-
REIT	96,525	96,525	-	-
Small-cap growth equity	51,076	51,076	-	-
Small-cap value equity	61,096	61,096	-	-
	<u>1,571,463</u>	<u>1,571,463</u>	<u>-</u>	<u>-</u>
Investments reported at cash surrender value:	<u>244,050</u>	<u>-</u>	<u>244,050</u>	<u>-</u>
	<u>\$ 1,815,513</u>	<u>\$ 1,571,463</u>	<u>\$ 244,050</u>	<u>\$ -</u>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

3. INVESTMENTS, continued:

	Total	Level 1	Level 2	Level 3
December 31, 2017:				
Investments:				
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	-	-
	3,662,397	3,662,397	-	-
Investments reported at cash surrender value:	227,752	-	227,752	-
	\$ 3,890,149	\$ 3,662,397	\$ 227,752	\$ -

Investment income for the year ended December 31, 2018 and 2017, consists of:

	2018	2017
Dividends	\$ 83,088	\$ 77,918
Interest	5,262	5,678
Royalties	1,405	3,473
Unrealized gains (losses)	(132,371)	79,261
Realized gains (losses)	(39,421)	59,754
	\$ (82,037)	\$ 226,084

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

3. INVESTMENTS, continued:

Change in value of split interest agreements as of December 31, 2018 and 2017, consists of:

	<u>2018</u>	<u>2017</u>
Dividends and realized gain	\$ 1,696	\$ 3,375
Unrealized gain (loss)	(5,795)	5,287
Payments to trustors and annuitants	(164,582)	(158,687)
Matured agreements	64,688	37,650
Actuarial adjustment	27,408	28,896
	<u>\$ (76,585)</u>	<u>\$ (83,479)</u>

4. BUILDING AND EQUIPMENT:

Building and equipment as of December 31, 2018 and 2017, at cost, consists of:

	<u>2018</u>	<u>2017</u>
Building	\$ 853,669	\$ 853,669
Building improvements	1,058,685	1,058,685
Computer hardware and software	532,673	552,107
Office equipment	476,908	459,455
Assets in process	67,352	56,475
	<u>2,989,287</u>	<u>2,980,391</u>
Less accumulated depreciation and amortization	<u>(1,968,566)</u>	<u>(2,021,946)</u>
	<u>\$ 1,020,721</u>	<u>\$ 958,445</u>

The Ministry disposed of \$221,708 and \$423,291 of fully depreciated fixed assets during the years ended December, 31, 2018 and 2017, respectively.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

5. NET ASSETS:

Net assets consist of the following:

	2018	2017
Net assets without donor restrictions:		
Undesignated net assets	\$ 1,572,604	\$ 2,007,500
Net investment in land, buildings, and equipment	1,020,721	958,445
Subject to expeidure for a purpose specified by the board:		
Software reserve	468,735	-
Operating reserve	859,225	824,434
Opportunity reserve	1,306,331	1,253,436
	\$ 5,227,616	\$ 5,043,815
Net assets with donor restrictions:		
Estate receivables	\$ 30,989	\$ 612,400
Trusts	37,554	54,319
	\$ 68,543	\$ 666,719

6. RELATED PARTY TRANSACTIONS:

Program services include \$12,100,243 and \$11,657,590 of payments to be made directly to Open Doors International, Inc. and its ministries (ODI) for the years ended December 31, 2018 and 2017, respectively. These disbursements are allocated between expense amounts in the statements of activities based on estimated actual expenditures as provided by ODI. In 2018 and 2017, amounts due affiliates of \$908,000 and \$1,072,773, 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. No such operational expenses were due from affiliates as of December 31, 2018.

For the years ended December 31, 2018 and 2017, the Ministry purchased attorney services in the amount of \$600 and \$750, 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. No such services were purchased for the year ended December 31, 2018.

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 \$259,810 and \$202,568 during the years ended December 31, 2018 and 2017, respectively.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2018 and 2017

8. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Ministry's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year; this includes split-interest agreement assets and assets restricted by donor with time restrictions. Amounts not available also include amounts set aside for an upcoming software conversion that could be drawn upon if the board approves that action. The Ministry considers general expenditures to be all expenditures related to its ongoing activities of supporting and advocating for the persecuted church on a worldwide basis as well as the conduct of services undertaken to support those activities to be general expenditures.

The Ministry has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the board designates a portion of any operating surplus to its operating and opportunity reserve funds, which were \$859,225 and \$1,306,331, as of December 31, 2018, respectively. The operating reserve is intended to provide an internal source of funds for unplanned events such as sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding or uninsured losses. Similarly, the opportunity reserve is intended to provide funds to meet special targets of opportunity or need that further the mission of the organization, which may or may not have specific expectation of incremental or long-term increased income. As both of these reserves were created to maintain and expand ongoing operations and programs, the funds are considered liquid and will not reduce the financial assets available as of December 31, 2018.

Financial assets:	
Cash and cash equivalents	\$ 2,546,016
Investments	4,118,917
Other assets	765,953
Financial assets, at year-end	<u>7,430,886</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Investments unavailable for use within one year	(1,941,607)
Restricted by donor with timing restrictions	(30,989)
Amounts due to affiliates	(908,000)
Board designations:	
Software reserve	<u>(468,735)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,081,555</u>

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 11, 2019, which is the date the financial statements were available to be issued.