



OpenDoors®

Serving persecuted **Christians** worldwide

OPEN DOORS WITH BROTHER ANDREW, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2019 and 2018

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, 2019 and 2018, 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, 2019 and 2018, 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
April 23, 2020

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Financial Position

	December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS:						
Cash and cash equivalents	\$ 3,501,468	\$ -	\$ 3,501,468	\$ 2,546,016	\$ -	\$ 2,546,016
Estate receivables	-	26,065	26,065	-	30,989	30,989
Prepaid expenses and other assets	806,398	-	806,398	734,964	-	734,964
Investments held for operations (note 3)	1,701,389	-	1,701,389	2,177,310	-	2,177,310
Investments of gift annuities (note 3)	2,142,966	-	2,142,966	1,833,026	-	1,833,026
Investments held in irrevocable trusts (note 3)	-	56,936	56,936	-	51,171	51,171
Investments held in revocable trusts (note 3)	-	64,174	64,174	-	57,410	57,410
Building and equipment, net (note 4)	1,565,112	-	1,565,112	1,020,721	-	1,020,721
Total Assets	\$ 9,717,333	\$ 147,175	\$ 9,864,508	\$ 8,312,037	\$ 139,570	\$ 8,451,607
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	\$ 665,697	\$ -	\$ 665,697	\$ 345,793	\$ -	\$ 345,793
Accrued salaries and benefits	315,275	-	315,275	331,312	-	331,312
Amounts due affiliates	2,799,435	-	2,799,435	908,000	-	908,000
Distributions payable to donors:						
Gift annuities	1,448,398	-	1,448,398	1,496,322	-	1,496,322
Irrevocable trusts	-	14,463	14,463	-	13,617	13,617
Revocable trusts	-	64,174	64,174	-	57,410	57,410
Lease obligation	1,999	-	1,999	2,994	-	2,994
	5,230,804	78,637	5,309,441	3,084,421	71,027	3,155,448
Net assets:						
Without donor restrictions	4,486,529	-	4,486,529	5,227,616	-	5,227,616
With donor restrictions	-	68,538	68,538	-	68,543	68,543
	4,486,529	68,538	4,555,067	5,227,616	68,543	5,296,159
Total Liabilities and Net Assets	\$ 9,717,333	\$ 147,175	\$ 9,864,508	\$ 8,312,037	\$ 139,570	\$ 8,451,607

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:						
Contributions	\$ 26,212,405	\$ 19,409	\$ 26,231,814	\$ 26,474,152	\$ 21,670	\$ 26,495,822
Books and ministry products	17,065	-	17,065	13,461	-	13,461
Other revenue	79,487	-	79,487	60,092	-	60,092
Change in value of split interest agreements	(62,005)	4,919	(57,086)	(73,205)	(3,380)	(76,585)
Investment income (loss)	314,275	-	314,275	(82,037)	-	(82,037)
Reclassifications:						
Funds released for operations	24,333	(24,333)	-	603,081	(603,081)	-
Net assets released from matured trusts	-	-	-	13,385	(13,385)	-
Total Support and Revenue	26,585,560	(5)	26,585,555	27,008,929	(598,176)	26,410,753
EXPENSES:						
Serving the Suffering Church by:						
Public awareness and motivation	8,866,315	-	8,866,315	6,779,077	-	6,779,077
Training	4,628,761	-	4,628,761	4,137,463	-	4,137,463
Socio-economic development	3,409,882	-	3,409,882	4,049,825	-	4,049,825
Bible and literature distribution	2,713,557	-	2,713,557	3,546,434	-	3,546,434
Research and advocacy	853,888	-	853,888	778,335	-	778,335
Total program services	20,472,403	-	20,472,403	19,291,134	-	19,291,134
Supporting the Suffering Church by:						
Fund-raising	3,677,858	-	3,677,858	4,702,149	-	4,702,149
Administration	3,176,386	-	3,176,386	2,831,845	-	2,831,845
Total supporting activities	6,854,244	-	6,854,244	7,533,994	-	7,533,994
Total Expenses	27,326,647	-	27,326,647	26,825,128	-	26,825,128
Change in net assets	(741,087)	(5)	(741,092)	183,801	(598,176)	(414,375)
Net assets at the beginning of the year	5,227,616	68,543	5,296,159	5,043,815	666,719	5,710,534
Net assets at the end of the year	\$ 4,486,529	\$ 68,538	\$ 4,555,067	\$ 5,227,616	\$ 68,543	\$ 5,296,159

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services				Supporting Activities		Total	
	Public awareness and motivation in the Free World	Training	Socio-economic development	Bible and literature distribution	Research and advocacy	Administration		Fund-raising
Support of other ministries	\$ 26,500	\$ 4,628,761	\$ 3,409,882	\$ 2,713,557	\$ 479,758	\$ -	\$ -	\$ 11,258,458
Salaries and benefits	3,531,471	-	-	-	228,572	1,983,683	696,943	6,440,669
Legal and professional	1,655,347	-	-	-	49,238	343,212	993,008	3,040,805
Advertising and promotion	1,298,868	-	-	-	7,279	8,277	1,052,205	2,366,629
Travel	683,973	-	-	-	52,239	108,129	83,348	927,689
Printing	492,002	-	-	-	6,365	11,925	307,269	817,561
Freight and postage	419,418	-	-	-	3,050	41,180	305,701	769,349
Repairs and maintenance	277,039	-	-	-	4,692	222,385	112,273	616,389
Other	135,605	-	-	-	15,284	335,277	70,797	556,963
Depreciation and amortization	156,023	-	-	-	1,816	43,813	22,844	224,496
Telephone and utilities	56,259	-	-	-	1,304	12,176	4,672	74,411
Supplies	47,034	-	-	-	2,999	15,153	7,034	72,220
Other employee benefits	9,860	-	-	-	212	40,575	5,108	55,755
Rent	40,708	-	-	-	835	9,665	2,109	53,317
Books and literature	36,208	-	-	-	245	936	14,547	51,936
	<u>\$ 8,866,315</u>	<u>\$ 4,628,761</u>	<u>\$ 3,409,882</u>	<u>\$ 2,713,557</u>	<u>\$ 853,888</u>	<u>\$ 3,176,386</u>	<u>\$ 3,677,858</u>	<u>\$ 27,326,647</u>

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
	Public awareness and motivation in the Free World	Training	Socio-economic development	Bible and literature distribution	Research and advocacy	Administration	Fund-raising	
Support of other ministries	\$ -	\$ 4,137,463	\$ 4,049,825	\$ 3,546,434	\$ 367,266	\$ -	\$ -	\$ 12,100,988
Salaries and benefits	3,325,294	-	-	-	188,608	1,739,364	820,156	6,073,422
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
Printing	365,010	-	-	-	3,054	15,345	386,832	770,241
Freight and postage	284,806	-	-	-	1,525	40,477	434,907	761,715
Other	73,533	-	-	-	16,822	319,229	55,005	464,589
Repairs and maintenance	128,455	-	-	-	1,762	139,142	38,984	308,343
Depreciation and amortization	122,337	-	-	-	1,158	33,186	11,649	168,330
Telephone and utilities	65,397	-	-	-	4,441	13,979	5,342	89,159
Supplies	45,060	-	-	-	4,335	21,066	8,231	78,692
Other employee benefits	10,264	-	-	-	3,180	63,955	1,085	78,484
Rent	42,447	-	-	-	789	9,767	2,416	55,419
Books and literature	22,411	-	-	-	251	966	738	24,366
	<u>\$ 6,779,077</u>	<u>\$ 4,137,463</u>	<u>\$ 4,049,825</u>	<u>\$ 3,546,434</u>	<u>\$ 778,335</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.

Statements of Cash Flows

	Year Ended December 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (741,092)	\$ (414,375)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	224,496	168,330
Donated assets	(1,092)	(11,754)
Unrealized (gain) loss on investments	-	132,371
Realized (gain) loss on investments	(128,376)	39,421
Unrealized (gain) loss on trusts and gift annuities	(109,286)	6,615
Change in value of trusts	(4,919)	(29,972)
Payments on gift annuity obligations	166,784	162,604
Actuarial change for gift annuities	(52,167)	(11,487)
Maturities of trusts and gift annuities	(21,051)	(64,688)
Changes in assets and liabilities:		
Estate receivables	4,924	581,411
Prepaid expenses and other assets	(71,434)	(249,439)
Accounts payable and accrued expenses	319,904	272,772
Accrued salaries and benefits	(16,037)	56,612
Amounts due affiliates	1,891,435	(164,773)
Net Cash Provided by Operating Activities	1,462,089	473,648
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed asset additions	(769,788)	(230,605)
Purchases of investments	(193,926)	(1,717,711)
Proceeds from the sale of investments	587,033	1,567,127
Gift portion of new gift annuities	(68,002)	(154,371)
Net Cash Used in Investing Activities	(444,683)	(535,560)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on trust and annuity obligations	(201,822)	(160,969)
Face value of new gift annuities	130,000	308,742
Investment income in trusts	10,863	5,693
Payments on capital lease	(995)	(866)
Net Cash Used in Financing Activities	(61,954)	152,600
Net Change in Cash and Cash Equivalents	955,452	90,688
Cash and Cash Equivalents, Beginning of Year	2,546,016	2,455,328
Cash and Cash Equivalents, End of Year	\$ 3,501,468	\$ 2,546,016

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018, the Ministry's cash balances on deposit exceeded federally insured limits and National Credit Union Administration (NCUA) insured limits by approximately \$1,357,000 and \$364,000, 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.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

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.

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, 2019 and 2018

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 donor 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 net assets with donor restrictions to net assets without donor restrictions 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, 2019 and 2018

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, 2019 and 2018, the Ministry incurred the following joint costs:

December 31, 2019:

	<u>Program</u>	<u>Administration</u>	<u>Fund-raising</u>	<u>Total Expenses</u>
Ministry magazine	\$ 529,828	\$ -	\$ 33,819	\$ 563,647
Website	410,534	25,659	76,975	513,168
Media	1,309,873	34,470	34,470	1,378,813
Field representatives	1,030,109	118,859	171,685	1,320,653
International Day of Prayer and church relations	832,953	19,910	19,535	872,398
Events	452,339	28,271	84,813	565,423
	<u>\$ 4,565,636</u>	<u>\$ 227,169</u>	<u>\$ 421,297</u>	<u>\$ 5,214,102</u>

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>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2019 and 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

Recently Adopted Accounting Standards

In 2018, the Financial Accounting Standards Board (FASB) issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The Ministry adopted the provisions of this new standard, for contributions received, during the year ended December 31, 2019. This new standard provides guidance on determining whether a transactions should be accounted for as an exchange transaction or a contribution and whether a contribution should be recorded as conditional or unconditional. This standard did not have a material impact on the presentation of the December 31, 2019 financial statements.

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, 2019 and 2018:

	2019	2018
Investments held for operations	\$ 1,701,389	\$ 2,177,310
Investments of gift annuities	2,142,966	1,833,026
Investments held in irrevocable trusts	56,936	51,171
Investments held in revocable trusts	64,174	57,410
	<u>\$ 3,965,465</u>	<u>\$ 4,118,917</u>

Investments by type as of December 31, 2019 and 2018, are as follows:

	2019	2018
Cash and cash equivalents	\$ 1,939,045	\$ 2,303,404
Mutual funds	2,026,420	1,571,463
Indexed annuities	-	244,050
	<u>\$ 3,965,465</u>	<u>\$ 4,118,917</u>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018.

	Total	Level 1	Level 2	Level 3
December 31, 2019:				
Investments:				
Mutual funds	\$ 2,026,420	\$ 2,026,420	\$ -	\$ -
Cash and cash equivalents	1,939,045			
Total investments	\$ 3,965,465			
	Total	Level 1	Level 2	Level 3
December 31, 2018:				
Investments:				
Mutual funds	\$ 1,571,463	\$ 1,571,463	\$ -	\$ -
Investments reported at cash surrender value:	244,050	-	244,050	-
	1,815,513	\$ 1,571,463	\$ 244,050	\$ -
Cash and cash equivalents	2,303,404			
Total investments	\$ 4,118,917			

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2019 and 2018

3. INVESTMENTS, continued:

Change in value of split interest agreements as of December 31, 2019 and 2018, consists of:

	2019	2018
Dividends and realized (gain) loss	\$ (128,376)	\$ 1,696
Unrealized (gain) loss	109,286	(6,615)
Payments to trustors and annuitants	(201,822)	(160,969)
Matured agreements	21,051	64,688
Actuarial adjustment	142,775	24,615
	<u>\$ (57,086)</u>	<u>\$ (76,585)</u>

4. BUILDING AND EQUIPMENT:

Building and equipment as of December 31, 2019 and 2018, at cost, consists of:

	2019	2018
Building	\$ 853,669	\$ 853,669
Building improvements	1,061,718	1,058,685
Computer hardware and software	1,140,308	532,673
Office equipment	513,876	476,908
Assets in process	20,550	67,352
	<u>3,590,121</u>	<u>2,989,287</u>
Less accumulated depreciation and amortization	<u>(2,025,009)</u>	<u>(1,968,566)</u>
	<u>\$ 1,565,112</u>	<u>\$ 1,020,721</u>

The Ministry disposed of \$168,053 and \$221,708 of fully depreciated fixed assets during the years ended December, 31, 2019 and 2018, respectively.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

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5. NET ASSETS:

Net assets as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Net assets without donor restrictions:		
Undesignated net assets	\$ 2,786,232	\$ 2,593,325
Subject to expenditure for a purpose specified by the board:		
Software reserve	-	468,735
Operating reserve	882,970	859,225
Opportunity reserve	817,327	1,306,331
	<u>\$ 4,486,529</u>	<u>\$ 5,227,616</u>
Net assets with donor restrictions:		
Estate receivables	\$ 26,065	\$ 30,989
Trusts	42,473	37,554
	<u>\$ 68,538</u>	<u>\$ 68,543</u>

6. RELATED PARTY TRANSACTIONS:

Program services include \$11,231,957 and \$12,100,243 of payments to be made directly to Open Doors International, Inc. and its ministries (ODI) for the years ended December 31, 2019 and 2018, respectively. These disbursements are allocated between expense amounts in the statements of activities based on estimated actual expenditures as provided by ODI. In 2019 and 2018, amounts due affiliates of \$2,799,435 and \$908,000, respectively, represented grants promised to ODI, but not yet paid.

For the years ended December 31, 2019 and 2018, the Ministry purchased attorney services in the amount of \$1,550 and \$600, respectively, with a law firm of which a board member is a partner.

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 \$302,567 and \$259,810 during the years ended December 31, 2019 and 2018, respectively.

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8. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Ministry's financial assets as of December 31, 2019, 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 \$1,700,297 and \$2,165,556, as of December 31, 2019 and 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, 2019.

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 3,501,468	\$ 2,546,016
Estate receivables	26,065	30,989
Investments	3,965,465	4,118,917
Other assets	806,398	734,964
Financial assets, at year-end	<u>8,299,396</u>	<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	(121,110)	(108,581)
State annuity reserves	<u>(1,346,590)</u>	<u>(1,329,605)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,831,696</u>	<u>\$ 5,992,700</u>

9. SUBSEQUENT EVENTS:

Subsequent events were evaluated through April 23, 2020, which is the date the financial statements were available to be issued.