



OpenDoors®

Serving persecuted **Christians** worldwide

OPEN DOORS WITH BROTHER ANDREW, INC.

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets, 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
March 31, 2021

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Financial Position

	December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS:						
Cash and cash equivalents	\$ 3,339,260	\$ -	\$ 3,339,260	\$ 3,501,468	\$ -	\$ 3,501,468
Estate receivables	-	13,266	13,266	-	26,065	26,065
Prepaid expenses and other assets	610,911	-	610,911	806,398	-	806,398
Investments held for operations (Note 3)	4,389,221	-	4,389,221	1,701,389	-	1,701,389
Investments of gift annuities (Note 3)	2,329,833	-	2,329,833	2,142,966	-	2,142,966
Investments held in irrevocable trusts (Note 3)	-	55,758	55,758	-	56,936	56,936
Investments held in revocable trusts (Note 3)	-	63,429	63,429	-	64,174	64,174
Building and equipment, net (Note 4)	1,393,607	-	1,393,607	1,565,112	-	1,565,112
Total Assets	\$ 12,062,832	\$ 132,453	\$ 12,195,285	\$ 9,717,333	\$ 147,175	\$ 9,864,508
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	\$ 905,374	\$ -	\$ 905,374	\$ 665,697	\$ -	\$ 665,697
Accrued salaries and benefits	413,226	-	413,226	315,275	-	315,275
Amounts due affiliates	-	-	-	2,799,435	-	2,799,435
Distributions payable to donors:						
Gift annuities	1,481,408	-	1,481,408	1,448,398	-	1,448,398
Irrevocable trusts	-	13,496	13,496	-	14,463	14,463
Revocable trusts	-	63,429	63,429	-	64,174	64,174
Lease obligation	855	-	855	1,999	-	1,999
	<u>2,800,863</u>	<u>76,925</u>	<u>2,877,788</u>	<u>5,230,804</u>	<u>78,637</u>	<u>5,309,441</u>
Net assets:						
Without donor restrictions	9,261,969	-	9,261,969	4,486,529	-	4,486,529
With donor restrictions	-	55,528	55,528	-	68,538	68,538
	<u>9,261,969</u>	<u>55,528</u>	<u>9,317,497</u>	<u>4,486,529</u>	<u>68,538</u>	<u>4,555,067</u>
Total Liabilities and Net Assets	\$ 12,062,832	\$ 132,453	\$ 12,195,285	\$ 9,717,333	\$ 147,175	\$ 9,864,508

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS:						
Contributions	\$ 32,260,365	\$ 10,196	\$ 32,270,561	\$ 26,212,405	\$ 19,409	\$ 26,231,814
Forgiveness of Paycheck Protection Program loan	1,128,500	-	1,128,500	-	-	-
Investment income	180,247	-	180,247	314,275	-	314,275
Other revenue	88,544	-	88,544	79,487	-	79,487
Books and ministry products	10,343	-	10,343	17,065	-	17,065
Change in value of split interest agreements	(104,617)	-	(104,617)	(62,005)	4,919	(57,086)
Reclassifications:						
Funds released for operations	23,206	(23,206)	-	24,333	(24,333)	-
Total Support and Revenue	33,586,588	(13,010)	33,573,578	26,585,560	(5)	26,585,555
EXPENSES:						
Serving the Suffering Church by:						
Public awareness and motivation	9,216,553	-	9,216,553	8,866,310	-	8,866,310
Training	4,605,635	-	4,605,635	4,628,761	-	4,628,761
Socio-economic development	4,772,527	-	4,772,527	3,409,882	-	3,409,882
Bible and literature distribution	2,631,205	-	2,631,205	2,713,557	-	2,713,557
Research and advocacy	976,128	-	976,128	853,888	-	853,888
Total program services	22,202,048	-	22,202,048	20,472,398	-	20,472,398
Supporting the Suffering Church by:						
Fund-raising	3,713,869	-	3,713,869	3,677,863	-	3,677,863
Administration	2,895,231	-	2,895,231	3,176,386	-	3,176,386
Total supporting activities	6,609,100	-	6,609,100	6,854,249	-	6,854,249
Total Expenses	28,811,148	-	28,811,148	27,326,647	-	27,326,647
Change in net assets	4,775,440	(13,010)	4,762,430	(741,087)	(5)	(741,092)
Net assets at the beginning of the year	4,486,529	68,538	4,555,067	5,227,616	68,543	5,296,159
Net assets at the end of the year	\$ 9,261,969	\$ 55,528	\$ 9,317,497	\$ 4,486,529	\$ 68,538	\$ 4,555,067

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

	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	\$ 27,021	\$ 4,605,635	\$ 4,772,527	\$ 2,631,205	\$ 556,300	\$ -	\$ -	\$ 12,592,688
Salaries and benefits	3,682,427	-	-	-	271,961	1,739,022	840,194	6,533,604
Advertising and promotion	2,406,177	-	-	-	41,282	31,583	1,467,030	3,946,072
Legal and professional	1,760,700	-	-	-	63,281	384,070	848,511	3,056,562
Office expenses	404,973	-	-	-	5,603	316,517	222,679	949,772
Information technology	326,444	-	-	-	6,440	211,062	158,790	702,736
Travel	212,471	-	-	-	11,768	32,016	22,555	278,810
Depreciation and amortization	169,023	-	-	-	2,582	54,812	37,041	263,458
Other	3,450	-	-	-	13,434	78,834	106,093	201,811
Insurance	121,986	-	-	-	1,575	24,352	4,692	152,605
Occupancy	101,881	-	-	-	1,902	22,963	6,284	133,030
	<u>\$ 9,216,553</u>	<u>\$ 4,605,635</u>	<u>\$ 4,772,527</u>	<u>\$ 2,631,205</u>	<u>\$ 976,128</u>	<u>\$ 2,895,231</u>	<u>\$ 3,713,869</u>	<u>\$ 28,811,148</u>

(continued)

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statement of Functional Expenses

Year Ended December 31, 2019

(continued)

	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	3,560,129	-	-	-	229,713	1,984,485	725,432	6,499,759
Advertising and promotion	1,845,780	-	-	-	14,345	21,783	1,360,638	3,242,546
Legal and professional	1,534,366	-	-	-	46,789	356,552	902,147	2,839,854
Office expenses	483,587	-	-	-	5,083	253,667	323,233	1,065,570
Travel	730,903	-	-	-	55,401	118,810	89,828	994,942
Information technology	267,835	-	-	-	5,838	266,389	100,112	640,174
Other	75,568	-	-	-	11,845	90,969	143,193	321,575
Depreciation and amortization	156,023	-	-	-	1,816	43,813	22,844	224,496
Occupancy	110,538	-	-	-	2,312	24,947	7,504	145,301
Insurance	75,081	-	-	-	988	14,971	2,932	93,972
	<u>\$ 8,866,310</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>\$ 3,677,863</u>	<u>\$ 27,326,647</u>

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,762,430	\$ (741,092)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	263,458	224,496
Donated assets	-	(1,092)
Realized gain on investments	(12,510)	(128,376)
Unrealized gain on trusts and gift annuities	(109,482)	(109,286)
Change in value of trusts	-	(4,919)
Maturities of trusts and gift annuities	(25,735)	(21,051)
Proceeds from Paycheck Protection Program loan	(1,128,500)	-
Changes in assets and liabilities:		
Estate receivables	12,799	4,924
Prepaid expenses and other assets	195,487	(71,434)
Accounts payable and accrued expenses	239,677	319,904
Accrued salaries and benefits	97,951	(16,037)
Amounts due affiliates	(2,799,435)	1,891,435
Net Cash Provided by Operating Activities	1,496,140	1,347,472
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed asset additions	(91,953)	(769,788)
Purchases of investments	(4,750,000)	(193,926)
Proceeds from the sale of investments	2,067,000	587,033
Gift portion of new gift annuities	-	(68,002)
Net Cash Used in Investing Activities	(2,774,953)	(444,683)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program loan	1,128,500	-
Payments on trust obligations	(177,763)	(201,822)
Face value of new gift annuities	21,367	130,000
Investment income in trusts	(50,506)	10,863
Payments on capital lease	(1,144)	(995)
Payments on gift annuity obligations	66,010	166,784
Actuarial change for gift annuities	130,141	(52,167)
Net Cash Provided by Financing Activities	1,116,605	52,663
Net Change in Cash and Cash Equivalents	(162,208)	955,452
Cash and Cash Equivalents, Beginning of Year	3,501,468	2,546,016
Cash and Cash Equivalents, End of Year	\$ 3,339,260	\$ 3,501,468
SUPPLEMENTAL DISCLOSURE:		
Forgiveness of Paycheck Protection Program loan	\$ 1,128,500	\$ -

See accompanying notes to financial statements.

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019

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, 2020 and 2019, the Ministry's cash balances on deposit exceeded federally insured limits and National Credit Union Administration (NCUA) insured limits by approximately \$2,256,000 and \$1,357,000, 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, and stocks for long-term investment purposes. The Ministry carries its investments at fair value 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, 2020 and 2019

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 and all conditional grants 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, 2020 and 2019

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.

Additionally, in April 2020, the Ministry signed a loan agreement through a financial institution to obtain funding for a Paycheck Protection Program (PPP) loan through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in the amount of \$1,128,500. The loan agreement provides for loan forgiveness up to the full amount of the loan, provided the Ministry complies with certain loan stipulations. As of December 31, 2020, the Ministry chose to apply the full amount of the PPP loan to salary and benefits that were paid between the date of the loan and the covered period ended October 5, 2020. The Ministry met all barriers, including the determination of qualified expenses, to recognize the \$1,128,500 as revenue as of December 31, 2020, and is presented in the without donor restrictions column on the statement of activities. In November 2020, the Ministry received notice that the loan had been fully forgiven in the amount of \$1,128,500.

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, 2020 and 2019

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, 2020 and 2019, the Ministry incurred the following joint costs:

December 31, 2020:

	<u>Program</u>	<u>Administration</u>	<u>Fund-raising</u>	<u>Total Expenses</u>
Ministry magazine	\$ 523,974	\$ -	\$ 33,445	\$ 557,419
Website	252,555	15,785	47,354	315,694
Media	2,244,370	59,062	59,062	2,362,494
Field representatives	732,066	84,469	122,011	938,546
International Day of Prayer and church relations	581,996	12,335	14,142	608,473
Events	283,980	17,749	53,246	354,975
	<u>\$ 4,618,941</u>	<u>\$ 189,400</u>	<u>\$ 329,260</u>	<u>\$ 5,137,601</u>

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>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

Reclassifications

During the year ended December 31, 2020, the Ministry implemented a software conversion of the general ledger. This conversion process impacted the Ministry's chart of account presentation related to the statement of functional allocation of expenses, specifically, for each of the years ended December 31, 2020 and 2019. Accordingly, certain line items have been reclassified in the statement of functional allocation of expenses for the year ended December 31, 2019.

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investments held for operations	\$ 4,389,221	\$ 1,701,389
Investments of gift annuities	2,329,833	2,142,966
Investments held in irrevocable trusts	55,758	56,936
Investments held in revocable trusts	63,429	64,174
	<u>\$ 6,838,241</u>	<u>\$ 3,965,465</u>

Investments by type as of December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,463,615	\$ 1,794,444
Mutual funds	1,422,962	1,304,218
Exchange traded funds	856,265	768,189
Fixed income securities	91,302	97,522
Equities	4,097	1,092
	<u>\$ 6,838,241</u>	<u>\$ 3,965,465</u>

OPEN DOORS WITH BROTHER ANDREW, INC.

Notes to Financial Statements

December 31, 2020 and 2019

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, 2020 and 2019.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2020:				
Investments:				
Mutual funds	\$ 1,422,962	\$ 579,594	\$ 843,368	\$ -
Exchange traded funds	856,265	856,265	-	-
Fixed income securities	91,302	91,302	-	-
Equities	4,097	4,097	-	-
Total assets measured at fair value	<u>2,374,626</u>	<u>\$ 1,531,258</u>	<u>\$ 843,368</u>	<u>\$ -</u>
Cash and cash equivalents	<u>4,463,615</u>			
Total investments	<u>\$ 6,838,241</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
December 31, 2019:				
Investments:				
Mutual funds	\$ 1,304,218	\$ 529,367	\$ 774,851	\$ -
Exchange traded funds	768,189	768,189	-	-
Fixed income securities	97,522	97,522	-	-
Equities	1,092	1,092	-	-
Total assets measured at fair value	<u>2,171,021</u>	<u>\$ 1,396,170</u>	<u>\$ 774,851</u>	<u>\$ -</u>
Cash and cash equivalents	<u>1,794,444</u>			
	<u>\$ 3,965,465</u>			

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3. INVESTMENTS, continued:

Change in value of split interest agreements as of December 31, 2020 and 2019, consists of:

	<u>2020</u>	<u>2019</u>
Dividends and realized gain	\$ (58,184)	\$ (128,376)
Unrealized loss	109,482	109,286
Payments to trustors and annuitants	(111,753)	(201,822)
Matured agreements	25,735	21,051
Actuarial adjustment	139,337	142,775
	<u>\$ (104,617)</u>	<u>\$ (57,086)</u>

4. BUILDING AND EQUIPMENT:

Building and equipment as of December 31, 2020 and 2019, at cost, consists of:

	<u>2020</u>	<u>2019</u>
Building	\$ 853,669	\$ 853,669
Building improvements	1,061,718	1,061,718
Computer hardware and software	1,017,264	1,140,308
Office equipment	496,770	513,876
Assets in process	31,967	20,550
	<u>3,461,388</u>	<u>3,590,121</u>
Less accumulated depreciation and amortization	<u>(2,067,781)</u>	<u>(2,025,009)</u>
	<u>\$ 1,393,607</u>	<u>\$ 1,565,112</u>

The Ministry disposed of \$220,686 and \$168,053 of fully depreciated fixed assets during the years ended December, 31, 2020 and 2019, respectively.

OPEN DOORS WITH BROTHER ANDREW, INC.

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5. NET ASSETS:

Net assets as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions:		
Undesignated net assets	\$ 4,872,748	\$ 2,786,232
Subject to expenditure for a purpose specified by the board:		
Operating reserve	4,389,221	882,970
Opportunity reserve	-	817,327
	<u>\$ 9,261,969</u>	<u>\$ 4,486,529</u>
Net assets with donor restrictions:		
Estate receivables	\$ 13,266	\$ 26,065
Trusts	42,262	42,473
	<u>\$ 55,528</u>	<u>\$ 68,538</u>

6. RELATED PARTY TRANSACTIONS:

Program services include \$12,560,667 and \$11,231,957 of payments to be made directly to Open Doors International, Inc. and its ministries (ODI) for the years ended December 31, 2020 and 2019, respectively. These disbursements are allocated between expense amounts in the statements of activities based on estimated actual expenditures as provided by ODI. In 2020 and 2019, amounts due affiliates of \$0 and \$2,799,435, respectively, represented grants promised to ODI, but not yet paid.

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 \$309,687 and \$302,567 during the years ended December 31, 2020 and 2019, respectively.

OPEN DOORS WITH BROTHER ANDREW, INC.

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8. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Ministry's financial assets as of December 31, 2020 and 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. 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 \$4,389,221 and \$1,700,297, as of December 31, 2020 and 2019, 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, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 3,339,260	\$ 3,501,468
Estate receivables	13,266	26,065
Investments	6,838,241	3,965,465
Accounts receivable, inventory, and unsold stock grouped in other assets	<u>114,495</u>	<u>20,483</u>
Financial assets, at year-end	10,305,262	7,513,481
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Investments unavailable for use within one year	(119,187)	(121,110)
State annuity reserves	<u>(1,481,408)</u>	<u>(1,346,590)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,704,667</u>	<u>\$ 6,045,781</u>

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9. RISKS AND UNCERTAINTIES:

The Ministry's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain. Possible effects may include, but are not limited to, disruption to the Ministry's workforce, and a decline in value of assets held by the Ministry. The financial impact cannot be estimated at this time; however, the Ministry has not experienced significant reduction in revenue or financial losses due to the COVID-19 pandemic.

10. SUBSEQUENT EVENTS:

Subsequent events were evaluated through March 31, 2021, which is the date the financial statements were available to be issued.