# *The Rosser Foundation*
# *d/b/a International Cooperating Ministries*
## *A Pure Charitable Trust and Public Charity*
## *(Within the Meaning of IRC §501(c)(3))*

**Audited Financial Statements**
**December 31, 2015 and 2014**


**Malvin, Riggins & Company, P.C.**
**Certified Public Accountants**
**725 City Center Blvd., Suite 200**
**Newport News, Virginia 23606**
**(757) 881-9600**

***The Rosser Foundation***
***d/b/a International Cooperating Ministries***
*A Pure Charitable Trust and Public Charity*
*(Within the Meaning of IRC §501(c)(3))*
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December 31, 2015 and 2014

MALVIN RIGGINS+COMPANY P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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# Independent Auditor's Report

To the Board of Trustees
The Rosser Foundation
d/b/a International Cooperating Ministries
A Pure Charitable Trust and Public Charity
(Within the Meaning of IRC §501(c)(3))
Hampton, Virginia 23666

We have audited the accompanying financial statements of The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3)) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501(c)(3)) as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Malvin, Riggins + Company, P.C.

Newport News, Virginia
April 13, 2016

***The Rosser Foundation***
***d/b/a International Cooperating Ministries***
Statements of Financial Position
December 31, 2015 and 2014

## ASSETS

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ | 87,945 | $ | 1,288,090 |
| Accounts receivable | | 161,167 | | 439,457 |
| Other current assets | | 30,157 | | 30,157 |
| Investments | | 1,802,812 | | 305,848 |
| Unconditional promises to give | | 1,000,000 | | 624,099 |
| Inventory | | 8,789 | | 16,916 |
| Property, equipment, and improvements, net | | 1,256,991 | | 1,277,740 |
| Restricted cash | | 1,500 | | 2,500 |
| Other assets | | 1,456,517 | | 1,444,651 |
| Total Assets | $ | 5,805,878 | $ | 5,429,458 |

## LIABILITIES AND NET ASSETS

| | | 2015 | | 2014 |
|---|---|---|---|---|
| **Liabilities** | | | | |
| Current Liabilities | | | | |
| Accounts payable | $ | 103,091 | $ | 126,837 |
| Payroll withholdings and other current liabilities | | 14 | | 1,160 |
| Current portion of leases | | 5,885 | | 6,441 |
| Total Current Liabilities | | 108,990 | | 134,438 |
| Long-Term Liabilities | | | | |
| Long-term portion of leases payable | | 5,346 | | 11,268 |
| Total Liabilities | | 114,336 | | 145,706 |
| **Net Assets** | | | | |
| Unrestricted | | | | |
| Undesignated | | 1,978,976 | | 2,573,683 |
| Board designated | | 883,389 | | 927,259 |
| Temporarily Restricted | | 2,829,177 | | 1,782,810 |
| Total Net Assets | | 5,691,542 | | 5,283,752 |
| Total Liabilities and Net Assets | $ | 5,805,878 | $ | 5,429,458 |

See the independent auditor's report and accompanying notes.

***The Rosser Foundation***
***d/b/a International Cooperating Ministries***
Statement of Activities
Year Ended December 31, 2015

| | Unrestricted | | | |
|---|---|---|---|---|
| | Undesignated | Board Designated | Temporarily Restricted | Total |
| **Support and Revenue** | | | | |
| Contributions | $ 13,818,833 | $ - | $ 6,633,346 | $ 20,452,179 |
| Pledge discounts | - | 316,801 | - | 316,801 |
| Net contributions | 13,818,833 | 316,801 | 6,633,346 | 20,768,980 |
| Sales of handbooks, videos, and cassettes | 2,369 | - | - | 2,369 |
| Net investment income | 166,543 | - | - | 166,543 |
| Net assets released from restriction | 5,586,979 | - | (5,586,979) | - |
| Transfer to/from designated funds | 360,671 | (360,671) | - | - |
| Other income | 7,756 | - | - | 7,756 |
| Loss on sale of assets | (1,109) | - | - | (1,109) |
| **Total Support and Revenue** | 19,942,042 | (43,870) | 1,046,367 | 20,944,539 |
| **Disbursements** | | | | |
| Program Services | | | | |
| Building program | 17,258,303 | - | - | 17,258,303 |
| Mini Bible College | 837,722 | - | - | 837,722 |
| Music Ministries | 111,883 | - | - | 111,883 |
| **Total Program Services** | 18,207,908 | - | - | 18,207,908 |
| **Supporting Services** | | | | |
| General and administrative | 507,570 | - | - | 507,570 |
| Fundraising | 1,821,271 | - | - | 1,821,271 |
| **Total Supporting Services** | 2,328,841 | - | - | 2,328,841 |
| **Total Disbursements** | 20,536,749 | - | - | 20,536,749 |
| **Changes in Net Assets** | (594,707) | (43,870) | 1,046,367 | 407,790 |
| **Net Assets, Beginning of Year** | 2,573,683 | 927,259 | 1,782,810 | 5,283,752 |
| **Net Assets, End of Year** | $ 1,978,976 | $ 883,389 | $ 2,829,177 | $ 5,691,542 |

See the independent auditor's report and accompanying notes.

***The Rosser Foundation***
***d/b/a International Cooperating Ministries***
Statement of Activities
Year Ended December 31, 2014

| | Unrestricted | | | |
|---|---|---|---|---|
| | **Undesignated** | **Board Designated** | **Temporarily Restricted** | **Total** |
| **Support and Revenue** | | | | |
| Contributions | $ 10,369,742 | $ - | $ 6,293,862 | $ 16,663,604 |
| Pledge discounts | - | (44,077) | - | (44,077) |
| Net contributions | 10,369,742 | (44,077) | 6,293,862 | 16,619,527 |
| Sales of handbooks, videos, and cassettes | 4,570 | - | - | 4,570 |
| Net investment income | 7,473 | - | - | 7,473 |
| Net assets released from restriction | 6,184,756 | - | (6,184,756) | - |
| Transfer to/from designated funds | 94,772 | (94,772) | - | - |
| Other income | 172 | - | - | 172 |
| Loss on sale of assets | (18) | - | - | (18) |
| **Total Support and Revenue** | 16,661,467 | (138,849) | 109,106 | 16,631,724 |
| **Disbursements** | | | | |
| Program Services | | | | |
| Building program | 12,928,245 | - | - | 12,928,245 |
| Mini Bible College | 848,702 | - | - | 848,702 |
| Music Ministries | 164,224 | - | - | 164,224 |
| **Total Program Services** | 13,941,171 | - | - | 13,941,171 |
| **Supporting Services** | | | | |
| General and administrative | 491,385 | - | - | 491,385 |
| Fundraising | 1,534,138 | - | - | 1,534,138 |
| **Total Supporting Services** | 2,025,523 | - | - | 2,025,523 |
| **Total Disbursements** | 15,966,694 | - | - | 15,966,694 |
| **Changes in Net Assets** | 694,773 | (138,849) | 109,106 | 665,030 |
| **Net Assets, Beginning of Year** | 1,878,910 | 1,066,108 | 1,673,704 | 4,618,722 |
| **Net Assets, End of Year** | $ 2,573,683 | $ 927,259 | $ 1,782,810 | $ 5,283,752 |

***The Rosser Foundation***
***d/b/a International Cooperating Ministries***
Statement of Functional Expenses
Year Ended December 31, 2015

| | Program Services | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|
| | **International Church Growth** | **Mini Bible College** | **Music Ministry** | **Total Program Services** | **General & Administration** | **Ministry Advancement** | **Total Supporting Services** | **Total Expenses** |
| Expenses | | | | | | | | |
| Building program | $ 9,661,784 | $ - | $ - | $ 9,661,784 | $ - | $ - | $ - | $ 9,661,784 |
| Building in-kind expenses | 6,124,605 | - | - | 6,124,605 | - | - | - | 6,124,605 |
| Mini Bible College | - | 538,696 | - | 538,696 | - | - | - | 538,696 |
| Cost of sales | - | 8,124 | - | 8,124 | - | - | - | 8,124 |
| Credit card processing fees | - | - | - | - | 35,979 | - | 35,979 | 35,979 |
| Board & conferences | - | 566 | - | 566 | 23,874 | 158 | 24,032 | 24,598 |
| Pastor/partner support | 194,832 | 5,182 | - | 200,014 | - | - | - | 200,014 |
| Salaries & wages | 621,165 | 219,808 | 56,403 | 897,376 | 288,659 | 854,384 | 1,143,043 | 2,040,419 |
| Employee benefits & tax | 74,929 | 29,263 | 12,739 | 116,931 | 46,172 | 113,062 | 159,234 | 276,165 |
| Licenses, fees, taxes | 21,374 | 940 | - | 22,314 | 2,273 | - | 2,273 | 24,587 |
| Department meetings | 207 | 120 | - | 327 | - | - | - | 327 |
| Depreciation | 25,625 | 6,163 | 648 | 32,436 | 16,218 | 16,218 | 32,436 | 64,872 |
| Development expense | - | - | - | - | - | 101,701 | 101,701 | 101,701 |
| Disaster aid | 100,250 | - | - | 100,250 | - | - | - | 100,250 |
| Donor education | 216,069 | - | - | 216,069 | - | - | - | 216,069 |
| Donor events | - | - | - | - | - | 504,690 | 504,690 | 504,690 |
| Donor gifts | - | - | - | - | | 6,003 | 6,003 | 6,003 |
| Human resources - other | 117 | 101 | - | 218 | (200) | 1,439 | 1,239 | 1,457 |
| Interest | - | - | - | - | 140 | - | 140 | 140 |
| Marketing | - | - | - | - | - | 56,577 | 56,577 | 56,577 |
| Music ministry related expenses | - | - | 27,997 | 27,997 | - | - | - | 27,997 |
| Professional services | - | - | - | - | 24,481 | - | 24,481 | 24,481 |
| Direct mail expense | 5,863 | 5,863 | 5,862 | 17,588 | 1,892 | 48,266 | 50,158 | 67,746 |
| Office expense & supplies | 3,562 | 3,319 | 600 | 7,481 | 10,883 | 19,861 | 30,744 | 38,225 |
| IT allocation, software & maintenance | 13,707 | 4,569 | 4,568 | 22,844 | 4,568 | 4,568 | 9,136 | 31,980 |
| Leased equipment | 3,486 | 1,163 | 1,162 | 5,811 | 1,162 | 1,162 | 2,324 | 8,135 |
| Miscellaneous | - | 792 | - | 792 | 3,494 | - | 3,494 | 4,286 |
| Insurance | 869 | 236 | 78 | 1,183 | 6,273 | 3,059 | 9,332 | 10,515 |
| Utilities | 16,237 | 2,417 | 751 | 19,405 | 7,926 | 8,160 | 16,086 | 35,491 |
| Postage | 849 | 2,330 | 958 | 4,137 | 9,195 | 4,644 | 13,839 | 17,976 |
| Security | - | - | - | - | 505 | - | 505 | 505 |
| Maintenance & rentals | - | - | - | - | 16,169 | - | 16,169 | 16,169 |
| Travel expense | 172,773 | 8,070 | 117 | 180,960 | 548 | 10,950 | 11,498 | 192,458 |
| Training | - | - | - | - | 437 | 13,185 | 13,622 | 13,622 |
| Vision trips | - | - | - | - | - | 19,967 | 19,967 | 19,967 |
| Video & music production | - | - | - | - | - | 33,217 | 33,217 | 33,217 |
| Volunteer expense | - | - | - | - | 3,473 | - | 3,473 | 3,473 |
| Other expenses | - | - | - | - | 3,449 | - | 3,449 | 3,449 |
| Total Expenses | $ 17,258,303 | $ 837,722 | $ 111,883 | $ 18,207,908 | $ 507,570 | $ 1,821,271 | $ 2,328,841 | $ 20,536,749 |

See the independent auditor's report and accompanying notes.

***The Rosser Foundation***
***d/b/a International Cooperating Ministries***
Statement of Functional Expenses
Year Ended December 31, 2014

| | **Program Services** | | | | **Supporting Services** | | | |
|---|---|---|---|---|---|---|---|---|
| | **International Church Growth** | **Mini Bible College** | **Music Ministry** | **Total Program Services** | **General & Administration** | **Ministry Advancement** | **Total Supporting Services** | **Total Expenses** |
| Expenses | | | | | | | | |
| Building program | $ 6,150,569 | $ - | $ - | $ 6,150,569 | $ - | $ - | $ - | $ 6,150,569 |
| Building in-kind expenses | 5,413,125 | - | - | 5,413,125 | - | - | - | 5,413,125 |
| Mini Bible College | - | 540,151 | - | 540,151 | - | - | - | 540,151 |
| Cost of sales | - | 9,388 | - | 9,388 | - | - | - | 9,388 |
| Credit card processing fees | - | - | - | - | 24,471 | - | 24,471 | 24,471 |
| Board & conferences | - | 2,809 | - | 2,809 | 24,046 | 718 | 24,764 | 27,573 |
| Pastor/partner support | 214,113 | 160 | - | 214,273 | - | - | - | 214,273 |
| Salaries & wages | 552,184 | 221,493 | 75,327 | 849,004 | 271,280 | 839,831 | 1,111,111 | 1,960,115 |
| Employee benefits & tax | 75,117 | 27,955 | 11,902 | 114,974 | 43,362 | 111,650 | 155,012 | 269,986 |
| Licenses, fees, taxes | 14,182 | 2,496 | - | 16,678 | 4,876 | - | 4,876 | 21,554 |
| Department meetings | 198 | 80 | - | 278 | - | - | - | 278 |
| Depreciation | 25,461 | 6,124 | 644 | 32,229 | 16,115 | 16,114 | 32,229 | 64,458 |
| Development expense | - | - | - | - | - | 104,533 | 104,533 | 104,533 |
| Disaster aid | 17,640 | - | - | 17,640 | - | - | - | 17,640 |
| Donor education | 236,958 | - | - | 236,958 | - | - | - | 236,958 |
| Donor events | - | - | - | - | - | 248,342 | 248,342 | 248,342 |
| Donor gifts | - | - | - | - | | 1,863 | 1,863 | 1,863 |
| Donations | - | - | - | - | 25,000 | - | 25,000 | 25,000 |
| Human resources - other | 350 | 145 | - | 495 | - | 2,417 | 2,417 | 2,912 |
| Marketing | - | - | - | - | - | 77,708 | 77,708 | 77,708 |
| Music ministry related expenses | - | - | 46,606 | 46,606 | - | - | - | 46,606 |
| Professional services | - | - | - | - | 17,600 | 9,618 | 27,218 | 27,218 |
| Direct mail expense | 4,593 | 4,593 | 4,592 | 13,778 | 1,346 | 36,663 | 38,009 | 51,787 |
| Office expense & supplies | 2,336 | 2,095 | 405 | 4,836 | 5,405 | 16,874 | 22,279 | 27,115 |
| IT allocation, software & maintenance | 14,204 | 5,280 | 5,280 | 24,764 | 5,280 | 5,280 | 10,560 | 35,324 |
| Leased equipment | 4,320 | 1,440 | 1,440 | 7,200 | 1,440 | 1,439 | 2,879 | 10,079 |
| Miscellaneous | 5 | - | - | 5 | 5,933 | - | 5,933 | 5,938 |
| Insurance | 716 | 300 | 116 | 1,132 | 7,222 | 1,771 | 8,993 | 10,125 |
| Utilities | 23,668 | 2,718 | 799 | 27,185 | 10,801 | 10,231 | 21,032 | 48,217 |
| Postage | 1,536 | 2,529 | 950 | 5,015 | 8,335 | 4,356 | 12,691 | 17,706 |
| Security | - | - | - | - | 362 | - | 362 | 362 |
| Maintenance & rentals | - | - | - | - | 10,139 | - | 10,139 | 10,139 |
| Travel expense | 174,394 | 18,423 | 16,163 | 208,980 | 501 | 8,612 | 9,113 | 218,093 |
| Training | 2,576 | 523 | - | 3,099 | 2,352 | 14,067 | 16,419 | 19,518 |
| Vision trips | - | - | - | - | - | 13,096 | 13,096 | 13,096 |
| Video & music production | - | - | - | - | - | 8,955 | 8,955 | 8,955 |
| Volunteer expense | - | - | - | - | 2,243 | - | 2,243 | 2,243 |
| Other expenses | - | - | - | - | 3,276 | - | 3,276 | 3,276 |
| Total Expenses | $ 12,928,245 | $ 848,702 | $ 164,224 | $ 13,941,171 | $ 491,385 | $ 1,534,138 | $ 2,025,523 | $ 15,966,694 |

See the independent auditor's report and accompanying notes.

***The Rosser Foundation***
***d/b/a International Cooperating Ministries***
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Change in net assets | $ 407,790 | $ 665,030 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 64,872 | 64,458 |
| (Gain) loss on sale of assets | 1,109 | 18 |
| Realized and unrealized (gain) loss on sale of investments | 6,392 | 6,392 |
| Reinvested dividends and capital gains | (31,719) | (11,321) |
| (Increase) Decrease in operating assets: | | |
| Unconditional promises to give | (375,901) | 44,077 |
| Inventory | 8,127 | 7,374 |
| Accounts receivable | 278,290 | 49,855 |
| Other current assets | - | 4,341 |
| Restricted cash | 1,000 | 72,257 |
| Other assets | (11,867) | 23,403 |
| Increase (Decrease) in operating liabilities: | | |
| Accounts payable | (23,746) | 3,494 |
| Payroll withholdings | (1,145) | 1,111 |
| Net Cash Provided By Operating Activities | 323,202 | 930,489 |
| **Cash Flows from Investing Activities** | | |
| Principal payments on notes receivable | 16,665 | 15,840 |
| Purchase of property, equipment, and improvements | (45,231) | (25,546) |
| Proceeds from sale of investments | 1,724,571 | 532,311 |
| Purchase of investments | (3,212,874) | (399,836) |
| Net Cash Provided By (Used In) Investing Activities | (1,516,869) | 122,769 |
| **Cash Flows from Financing Activities** | | |
| Payments on lease payable | (6,478) | (11,166) |
| Net Increase (Decrease) in Cash | (1,200,145) | 1,042,092 |
| Cash - Beginning of Year | 1,288,090 | 245,998 |
| Cash - End of Year | $ 87,945 | $ 1,288,090 |
| **Supplemental Disclosures of Cash Flow Information** | | |
| **Noncash Investing Activities:** | | |
| Contributions of stock | $ 10,686 | $ 2,286 |
| Contribution of notes receivable | $ - | $ - |
| Equipment purchased under capital leases | $ - | $ - |

See the independent auditor's report and accompanying notes.

## NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

### Organization

The Rosser Foundation, d/b/a International Cooperating Ministries, A Pure Charitable Trust and Public Charity (Within the Meaning of IRC §501 (c)(3)) (the Foundation), is a not-for-profit irrevocable trust established under the laws of the Commonwealth of Virginia. It operates as a publicly supported organization. The Foundation is dedicated to spreading the Gospel throughout the world by nurturing believers and assisting church growth worldwide.

### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction is satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Foundation uses the allowance method to determine uncollectible unconditional promises to give receivable. The allowance is based on management's analysis of specific promises made.

### Conditional Promises and Indications of Intentions to Give

Pursuant to the Foundation's policy and in conformity with accounting standards, the Foundation does not recognize conditional promises or intentions to give as revenue until the condition is met or the pledges are received.

### Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Foundation is required to present a statement of cash flows.

### Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

## NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fair Value Measurement

The Foundation's financial instruments consist primarily of cash, promises to give, donations receivable, inventory, notes receivable, and accounts payable. The carrying amount of cash, promises to give, donations receivable, inventory, notes receivable, and accounts payable approximate their fair value due to the short-term nature of such investments.

### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Inventory

Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market. Inventory is composed of books, videos, and CDs.

### Property, Equipment, and Improvements

Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donations must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

### Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under §501(c)(3) of the Internal Revenue Code.

### Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**NOTE 2 – INVESTMENTS**

Investments are stated at fair value and are summarized as follows as of December 31, 2015 and 2014:

| | 2015 | | |
|---|---|---|---|
| | Cost | Fair Market Value | Unrealized Loss |
| Mutual Funds | $ 1,848,422 | $ 1,802,812 | $ (45,610) |

| | 2014 | | |
|---|---|---|---|
| | Cost | Fair Market Value | Unrealized Loss |
| Mutual Funds | $ 310,691 | $ 305,848 | $ (4,843) |

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2015 and 2014:

| | 2015 | | |
|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total |
| Dividend and interest income | $ 39,393 | $ - | $ 39,393 |
| Net realized and unrealized gain on investments | 127,150 | - | 127,150 |
| Total investment return | $ 166,543 | $ - | $ 166,543 |

| | 2014 | | |
|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total |
| Dividend and interest income | $ 13,865 | $ - | $ 13,865 |
| Net realized and unrealized (loss) on investments | (6,392) | - | (6,392) |
| Total investment return | $ 7,473 | $ - | $ 7,473 |

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give consist of the following:

| | 2015 | 2014 |
|---|---|---|
| Unconditional promises to give, restricted to investment | $ 1,000,000 | $ 940,900 |
| Less: Unamortized discount | - | (316,801) |
| Net unconditional promises to give | $ 1,000,000 | $ 624,099 |

| Amounts due in: | 2015 | 2014 |
|---|---|---|
| Less than one year | $ 1,000,000 | $ - |
| One to five years | - | - |
| Over five years | - | 940,900 |
| Total due | $ 1,000,000 | $ 940,900 |

**NOTE 4 – PROPERTY, EQUIPMENT, AND IMPROVEMENTS**

Property, equipment, and improvements consist of the following at December 31, 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Land | $ 286,403 | $ 286,403 |
| Buildings | 388,598 | 388,598 |
| Improvements | 510,603 | 510,603 |
| Furniture, fixtures, and equipment | 636,604 | 600,436 |
| Master video and audio tapes | 57,831 | 57,831 |
| | 1,880,039 | 1,843,871 |
| Less: accumulated depreciation | (623,048) | (566,131) |
| Net property, equipment, and improvements | $ 1,256,991 | $ 1,277,740 |

Total depreciation expense for the years ended December 31, 2015 and 2014 was $64,872 and $64,458, respectively.

## NOTE 5 – OTHER ASSETS

Other assets consist of the following at December 31, 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Partnership – Green Mount Associates, LLC, 18.18% interest | $ 1,290,335 | $ 1,261,804 |
| Note Receivable 1 | 13,813 | 16,064 |
| Note Receivable 2 | 152,369 | 166,783 |
| Total other assets | $ 1,456,517 | $ 1,444,651 |

## NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Purpose restrictions accomplished: | | |
| Mini Bible College | $ 391,495 | $ 426,262 |
| Building program | 5,022,511 | 5,546,653 |
| Pastor support | - | 100 |
| Mongolia | 1,597 | - |
| Partner Support | 167,836 | 204,661 |
| Residence | - | - |
| Church Building – Thailand | 3,540 | 7,080 |
| Total net assets released from restrictions | $ 5,586,979 | $ 6,184,756 |

## NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2015 and 2014:

| | 2015 | 2014 |
|---|---|---|
| Church Building – Thailand | $ - | $ 590 |
| Pastor & partner support | 29,334 | 900 |
| Church Building Program | 2,799,843 | 1,779,723 |
| Mongolia | - | 1,597 |
| Total temporarily restricted net assets | $ 2,829,177 | $ 1,782,810 |

**NOTE 8 – ENDOWMENT**

The Foundation's endowment consists of approximately four individual funds established for the support of International Cooperating Ministries and the teaching ministry of the Reverend Richard D. Woodward. The endowment consists of funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

**Endowment Net Asset Composition by Type of Fund as of December 31, 2015:**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-restricted Endowment funds | $ - | $ - | $ - | $ - |
| Board-designated Endowment funds | 883,389 | - | - | 883,389 |
| Total Funds | $ 883,389 | $ - | $ - | $ 883,389 |

**NOTE 8 – ENDOWMENT (Continued)**

**Changes in Endowment Net Assets for the Year Ended December 31, 2015:**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, Beginning of year | $ 927,259 | $ - | $ - | $ 927,259 |
| Transfer (from)/to | (360,671) | - | - | (360,671) |
| Pledge discount change | 316,801 | - | - | 316,801 |
| Endowment net assets, End of year | $ 883,389 | $ - | $ - | $ 883,389 |

**Endowment Net Asset Composition by Type of Fund as of December 31, 2014:**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-restricted Endowment funds | $ - | $ - | $ - | $ - |
| Board-designated Endowment funds | 927,259 | - | - | 927,259 |
| Total Funds | $ 927,259 | $ - | $ - | $ 927,259 |

**Changes in Endowment Net Assets for the Year Ended December 31, 2014:**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets, Beginning of year | $ 1,066,108 | $ - | $ - | $ 1,066,108 |
| Transfer (from)/to | (94,772) | - | - | (94,772) |
| Pledge discount change | (44,077) | - | - | (44,077) |
| Endowment net assets, End of year | $ 927,259 | $ - | $ - | $ 927,259 |

**NOTE 8 – ENDOWMENT (Continued)**

**Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)**

| | 2015 | 2014 |
|---|---|---|
| **Permanently Restricted Net Assets** | | |
| (1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA: | $ - | $ - |
| **Total endowment funds classified as permanently restricted net assets** | $ - | $ - |
| **Temporarily Restricted Net Assets** | | |
| (1) Term endowment funds | $ - | $ - |
| (2) The portion of perpetual endowment funds subject to a time restriction under SPMIFA: | | |
| Without purpose restrictions | - | - |
| With purpose restrictions | - | - |
| **Total endowment funds classified as temporarily restricted net assets** | $ - | $ - |

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. As of December 31, 2015 and 2014, respectively, there were no donor restricted endowment funds, and thus, no such deficiencies on such endowment funds.

**Return Objectives and Risk Parameters**

The Foundation has adopted the goal for the board-designated Endowment of wealth accumulation; and in order to reach this goal, the Foundation commits to an investment strategy of 10 or more years. If and when the Foundation receives donor-restricted funds, the Endowment assets will include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees and International Cooperating Ministries' finance committee, the endowment assets are invested in a manner that is intended to produce results that equal the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 10 percent annually. Actual returns in any given year may vary from this amount.

**NOTE 8 – ENDOWMENT (Continued)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

It is the desire of the Foundation to spend only accumulated interest and dividends; however, in order that there is no disruption of ministry work, the Foundation has a policy of appropriating not only interest and dividends, but principal as well. The Foundation strives to replace any principal used to ensure its long-term growth strategy. Appropriations are initiated by the founder of the Foundation and, in his absence, by a joint decision between the President, Chairman, and Chief Operating Officer. Withdrawals are reported to the Finance Committee on a monthly basis via the standard financial reports.

**NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. For the year ended December 31, 2015, $1,330,042 of general and administrative expenses has been allocated to program services and $1,099,117 to ministry advancement. For the year ended December 31, 2014, $1,329,823 of general and administrative expenses has been allocated to program services and $1,534,138 to ministry advancement.

**NOTE 10 – RETIREMENT PLAN**

Certain employees of the Foundation participate in a deferred compensation retirement plan. The Foundation's contributions are equal to 2% of the annual salaries of participating employees. During the years ended December 31, 2015 and 2014, the Foundation's contribution to the Plan totaled $18,266 and $17,299, respectively.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The Foundation continuously assists with the building of churches worldwide in furtherance of its tax-exempt purpose. It agrees to provide funding of foreign ministry through the various phases of development of related church buildings and foundational improvements. As of December 31, 2015 and 2014, the Foundation estimated commitments of approximately $3,779,900 and $3,450,700, respectively, of which it can demonstrate appropriate funding based on its current cash and investment position.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)**

The Foundation has acquired equipment under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the equipment have been capitalized and included in equipment on the statement of financial position. The leased equipment under capital leases as of December 31, 2015 and 2014 have a total cost of $44,870. Amortization of the leased equipment is included in depreciation expense. The balance of the capital lease payments at December 31, 2015 and 2014 are $11,231 and $17,709, respectively. Future minimum capital lease payments as of December 31, 2015 are as follows:

| | |
|---|---|
| 2016 | $ 5,885 |
| 2017 | 5,383 |
| | $ 11,231 |

**NOTE 12 – CONCENTRATION OF CREDIT RISK**

The Foundation maintains several checking accounts at a local bank. Accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash at this institution can at times exceed federally insured limits throughout the year. Amounts in excess of the FDIC limit as of December 31, 2015 and 2014 were $131,582 and $329,906, respectively. Brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC). The SIPC insures accounts (not the underlying investments) with each brokerage firm up to a maximum of $500,000. Uninsured balances at the Foundation's various brokerage houses exceeded SIPC limits by $1,292,142 and $0 as of December 31, 2015 and 2014, respectively.

**NOTE 13 – INCOME TAXES**

Accounting standards clarify the accounting and recognition for income tax positions taken or expected to be taken in the Foundation's income tax returns. The Foundation's income tax filings are subject to audit by various taxing authorities. The Foundation's open audit periods are 2012 – 2015. In evaluating the Foundation's tax provisions and accruals and future taxable income, interpretations and tax planning are considered. The Foundation believes their estimates are appropriate based on current facts and circumstances.

**NOTE 14 – FAIR VALUE MEASUREMENTS**

| **December 31, 2015** | | **Fair Value** | | **Fair Value Measurements Using:** | | | | |
|---|---|---|---|---|---|---|---|---|
| **Investment Category** | | | | **Level 1 Inputs** | | **Level 2 Inputs** | | **Level 3 Inputs** |
| Mutual Funds | $ | 1,802,812 | $ | 1,802,812 | $ | - | $ | - |
| Notes Receivable | | 166,182 | | 166,182 | | - | | - |
| Investment in LLC | | 1,290,335 | | - | | - | | 1,290,335 |
| Total | $ | 3,259,329 | $ | 1,968,994 | $ | - | $ | 1,290,335 |

| **December 31, 2014** | | **Fair Value** | | **Fair Value Measurements Using:** | | | | |
|---|---|---|---|---|---|---|---|---|
| **Investment Category** | | | | **Level 1 Inputs** | | **Level 2 Inputs** | | **Level 3 Inputs** |
| Mutual Funds | $ | 305,848 | $ | 305,848 | $ | - | $ | - |
| Notes Receivable | | 182,847 | | 182,847 | | - | | - |
| Investment in LLC | | 1,261,804 | | - | | - | | 1,261,804 |
| Total | $ | 1,750,499 | $ | 488,695 | $ | - | $ | 1,261,804 |

*Fair Value Measurements and Disclosures* (FASB ASC 820) establishes 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 have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

*Level 1 Fair Value Measurements*

The fair values of mutual funds are available based on quoted market prices, when available. Notes receivable are deemed to be stated at their fair value.

*Level 3 Fair Value Measurements*

The fair value of the investment in the LLC is an average of the fair value of the property remaining in the LLC at the Foundation's level of interest, plus a percentage discount for a minority share in the LLC. There is no outside market for minority interests in privately held LLC's.

**NOTE 14 – FAIR VALUE MEASUREMENTS (Continued)**

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

**December 31, 2015:**

| Investment Category | Beginning Balance | Net Gains | Distribution | Ending Balance |
|---|---|---|---|---|
| Investment in LLC | $ 1,261,804 | $ 178,316 | $ (149,785) | $ 1,290,335 |

**December 31, 2014:**

| Investment Category | Beginning Balance | Total Losses | Distribution | Ending Balance |
|---|---|---|---|---|
| Investment in LLC | $ 1,269,367 | $ (7,563) | $ - | $ 1,261,804 |

**NOTE 15 – RESTRICTED CASH**

In 2012, the Foundation agreed to aggregate the funds raised by a donor campaign into a standalone bank account reserved for expenses and designated project payments related to the campaign. Funds donated through this campaign for underwriting the event and project funding are deposited into the restricted cash account and accordingly, disbursements are made from this account for related expenses and project funding. At no time will deficits or overdrafts be allowed to accumulate in this account. As of December 31, 2015 and 2014, the funds on deposit in this account are $1,500 and $2,500, respectively.

**NOTE 16 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 13, 2016, the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

**NOTE 17 – PRIOR PERIOD ADJUSTMENT**

Management discovered that the 2014 temporarily restricted fund releases erroneously included $603,916 of unrestricted funds used by the Foundation to support the Building Program. This resulted in the overstatement of unrestricted funds and the understatement of temporarily restricted funds in the amount of $603,916, respectively. Accordingly, the 2014 temporarily restricted net assets released were adjusted to their proper balance at December 31, 2014.