

Truth For Life

**Financial Statements
December 31, 2016 and 2015**

Independent Auditor's Report

Board of Directors
Truth For Life

Report on the Financial Statements

We have audited the accompanying financial statements of Truth For Life (a non-profit corporation), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 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 audits 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
Truth For Life

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Truth For Life as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cienni + Panichi, Inc.

Cleveland, Ohio
August 21, 2017

Truth For Life

Statements of Financial Position

December 31, 2016 and 2015

Assets

	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 2,095,524	\$ 2,033,449
Accounts receivable	10,912	8,965
Inventory	280,199	238,678
Investments	1,220,494	1,194,665
Prepaid expenses and deposits	<u>16,509</u>	<u>41,054</u>
Total current assets	3,623,638	3,516,811
Fixed assets:		
Land	320,000	320,000
Building Fund work in process	10,828,731	3,740,715
Furniture and equipment	784,138	803,004
Less accumulated depreciation	<u>(602,052)</u>	<u>(562,429)</u>
Total fixed assets, net	11,330,817	4,301,290
Cash held for purchases of fixed assets	2,016,613	4,899,553
Other long-term assets:		
Accounts receivable	<u>7,101</u>	<u>11,400</u>
Total assets	<u>\$ 16,978,169</u>	<u>\$ 12,729,054</u>

Liabilities and Net Assets

Current liabilities:		
Other accounts payable and accrued liabilities	\$ 3,143,185	\$ 1,436,027
Capital lease obligations	<u>17,533</u>	<u>15,543</u>
Total current liabilities	3,160,718	1,451,570
Capital lease obligations, net of current portion	<u>38,706</u>	<u>56,239</u>
Total liabilities	3,199,424	1,507,809
Net assets:		
Unrestricted:		
Undesignated	11,762,132	6,321,692
Designated – Building Fund	<u>2,016,613</u>	<u>3,170,727</u>
Total unrestricted net assets	13,778,745	9,492,419
Temporarily restricted	<u>-</u>	<u>1,728,826</u>
Total net assets	<u>13,778,745</u>	<u>11,221,245</u>
Total liabilities and net assets	<u>\$ 16,978,169</u>	<u>\$ 12,729,054</u>

The accompanying notes are an integral part of these financial statements

Truth For Life

Statement of Activities

For the year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating support and revenues:			
Contributions	\$ 9,995,427	\$ -	\$ 9,995,427
Contributed facilities (in-kind)	130,476	-	130,476
Sales	202,706	-	202,706
Less: cost of sales	(199,331)	-	(199,331)
Interest income	<u>4,209</u>	<u>-</u>	<u>4,209</u>
Total support and revenues	10,133,487	-	10,133,487
Operating expenses:			
Program activities	7,720,795	-	7,720,795
Supporting services:			
General and administrative	783,740	-	783,740
Fundraising	<u>504,494</u>	<u>-</u>	<u>504,494</u>
Total operating expenses	9,009,029	-	9,009,029
Loss on disposal of fixed assets	<u>6,160</u>	<u>-</u>	<u>6,160</u>
Total operating expenses and losses	<u>9,015,189</u>	<u>-</u>	<u>9,015,189</u>
Changes in net assets from operating activities	1,118,298	-	1,118,298
Non-operating activities:			
Capital campaign contributions	-	1,475,331	1,475,331
Capital campaign expenses	(36,129)	-	(36,129)
Net assets released from restrictions	<u>3,204,157</u>	<u>(3,204,157)</u>	<u>-</u>
Change in net assets from non-operating activities	<u>3,168,028</u>	<u>(1,728,826)</u>	<u>1,439,202</u>
Total changes in net assets	4,286,326	(1,728,826)	2,557,500
Net assets, beginning of year	<u>9,492,419</u>	<u>1,728,826</u>	<u>11,221,245</u>
Net assets, end of year	\$ <u>13,778,745</u>	\$ <u>-</u>	\$ <u>13,778,745</u>

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Truth For Life

Statement of Activities

For the year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating support and revenues:			
Contributions	\$ 9,370,570	\$ -	\$ 9,370,570
Contributed facilities (in-kind)	130,476	-	130,476
Sales	230,896	-	230,896
Less: cost of sales	(224,007)	-	(224,007)
Interest income	<u>644</u>	<u>-</u>	<u>644</u>
Total support and revenues	<u>9,508,579</u>	<u>-</u>	<u>9,508,579</u>
Operating expenses:			
Program activities	7,478,391	-	7,478,391
Supporting services:			
General and administrative	682,768	-	682,768
Fundraising	<u>398,758</u>	<u>-</u>	<u>398,758</u>
Total operating expenses	<u>8,559,917</u>	<u>-</u>	<u>8,559,917</u>
Changes in net assets from operating activities	948,662	-	948,662
Non-operating activities:			
Capital campaign contributions	-	2,433,776	2,433,776
Capital campaign expenses	(121,900)	-	(121,900)
Contributed land (in-kind)	-	320,000	320,000
Net assets released from restrictions	<u>3,439,218</u>	<u>(3,439,218)</u>	<u>-</u>
Change in net assets from non-operating activities	<u>3,317,318</u>	<u>(685,442)</u>	<u>2,631,876</u>
Total changes in net assets	4,265,980	(685,442)	3,580,538
Net assets, beginning of year	<u>5,226,439</u>	<u>2,414,268</u>	<u>7,640,707</u>
Net assets, end of year	\$ <u>9,492,419</u>	\$ <u>1,728,826</u>	\$ <u>11,221,245</u>

The accompanying notes are an integral part of these financial statements

Truth For Life

Statement of Functional Expenses

For the year ended December 31, 2016

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Radio distribution/syndication	\$ 4,729,023	\$ 2,500	\$ 94,802	\$ 4,826,325
Content production	126,163	-	-	126,163
Direct mail communications	498,094	24,502	42,120	564,716
Donor communication & development	25,949	-	10,950	36,899
Digital communication costs	321,218	26,211	102,778	450,207
Customer care / shipping	385,840	33,253	158,619	577,712
Human resources	1,339,297	358,599	88,701	1,786,597
Professional services	19,900	118,911	-	138,811
Facility costs	6,129	19,933	-	26,062
Equipment / equipment purchases	112,369	109,515	-	221,884
Contributed rent	97,857	26,095	6,524	130,476
Other operating expenses	<u>58,956</u>	<u>64,221</u>	<u>-</u>	<u>123,177</u>
	\$ <u>7,720,795</u>	\$ <u>783,740</u>	\$ <u>504,494</u>	\$ <u>9,009,029</u>

The accompanying notes are an integral part of these financial statements

Truth For Life

Statement of Functional Expenses

For the year ended December 31, 2015

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>General and Administrative</u>	<u>Fundraising</u>	
Radio distribution/syndication	\$ 4,665,006	\$ -	\$ 94,386	\$ 4,759,392
Content production	139,325	-	-	139,325
Direct mail communications	453,059	17,032	36,554	506,645
Donor communication & development	26,478	-	8,750	35,228
Digital communication costs	280,703	22,415	29,614	332,732
Customer care / shipping	469,960	40,384	142,900	653,244
Human resources	1,148,709	305,774	75,925	1,530,408
Professional services	27,975	114,412	-	142,387
Facility costs	6,335	28,753	-	35,088
Equipment / equipment purchases	72,008	78,324	-	150,332
Contributed rent	97,857	26,095	6,524	130,476
Other operating expenses	<u>90,976</u>	<u>49,579</u>	<u>4,105</u>	<u>144,660</u>
	\$ <u>7,478,391</u>	\$ <u>682,768</u>	\$ <u>398,758</u>	\$ <u>8,559,917</u>

The accompanying notes are an integral part of these financial statements

Truth For Life

Statements of Cash Flows

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,557,500	\$ 3,580,538
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	65,313	80,757
Loss on disposal of fixed assets	6,160	-
Contributions restricted to Building Fund	(1,475,331)	(2,433,776)
In-kind contribution of land	-	(320,000)
Changes in operating assets and liabilities:		
Accounts receivable	2,352	48,015
Inventory	(41,521)	14,868
Prepaid expenses and deposits	24,545	(828)
Accounts payable and accrued liabilities	<u>122,136</u>	<u>(128,666)</u>
Net cash provided by operating activities	1,261,154	840,908
Cash flows from investing activities:		
Purchases of fixed assets	(5,515,978)	(2,348,393)
Purchases of investments, net	(25,829)	(453,696)
Decrease (increase) in cash held for purchases of fixed assets	<u>2,882,940</u>	<u>(791,088)</u>
Net cash used in investing activities	(2,658,867)	(3,593,177)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(15,543)	(6,092)
Collection of contributions restricted to Building Fund	<u>1,475,331</u>	<u>2,433,776</u>
Net cash provided by financing activities	<u>1,459,788</u>	<u>2,427,684</u>
Net increase (decrease) in cash and cash equivalents	62,075	(324,585)
Cash and cash equivalents, beginning of year	<u>2,033,449</u>	<u>2,358,034</u>
Cash and cash equivalents, end of year	\$ <u><u>2,095,524</u></u>	\$ <u><u>2,033,449</u></u>

Supplemental disclosure of cash flow information:

Purchases of fixed assets included in accounts payable	\$ 2,370,530	\$ 785,508
Fixed assets acquired by capital lease obligations	-	77,874

The accompanying notes are an integral part of these financial statements

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 1: Summary of Significant Accounting Policies

Nature of Organization

Truth For Life (the “Organization”), incorporated in December 1994, under the laws of the State of Ohio, is a not-for-profit religious corporation. The Organization is dedicated to proclaiming the Gospel through radio broadcast ministries and related study materials. The radio broadcasts consist of the sermons of Pastor Alistair Begg, Senior Pastor at Parkside Church in Ohio.

Basis of Presentation

The Organization follows authoritative guidance issued by the Financial Accounting Standards Board (FASB) which established the FASB Accounting Standards Codification (ASC) as the single source of authoritative accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations. Net assets that have been designated for specific purposes by the Organization’s Board of Directors are included in unrestricted net assets.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that they be maintained by the Organization in perpetuity. At December 31, 2016 and 2015, the Organization had no permanently restricted net assets.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 1: Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the financial statements. Certain costs, such as depreciation and payroll, have been allocated among the program services and supporting activities based upon estimates made by management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Non-operating Activities

The Organization considers activity related to capital campaigns to be non-operating activities.

Cash and Cash Equivalents

The Organization records as cash and cash equivalents deposits in financial institutions or time deposits, excluding brokerage cash and money market funds, with an original maturity date of 90 days or less. The balances, at times, may exceed federally insured limits.

Accounts Receivable

Accounts receivable are uncollateralized obligations due under predetermined payment schedules.

Accounts receivable are stated at the amount billed plus any accrued and unpaid interest. Customer account balances with invoices dated over 90 days old are considered delinquent. A note receivable is considered delinquent when the debtor has missed two or more payments.

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all notes receivable and accounts receivable balances that exceed 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. At December 31, 2016 and 2015, management estimated that no reserve was required.

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 1: Summary of Significant Accounting Policies (continued)

Inventory

Inventory is carried at the lower of cost (first-in, first-out) or market. Inventory consists principally of study materials, tapes of the radio broadcasts, CD's, books, and other items for distribution to listeners of the radio program.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses, if any, are included in investment income in the statement of activities. Cash flows from donated securities which are sold immediately are considered operating cash flows in the accompanying statement of cash flows.

Property and Equipment

The Organization's purchased equipment is carried at cost. Donated assets to be used in the ministry are capitalized at their fair market value on the date of the gift. Maintenance and repairs are charged to expense as incurred, whereas the cost of property and equipment additions and improvements are capitalized. The cost of assets sold, retired or abandoned, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposition and any resultant gain or loss is recognized in the statement of activities.

Depreciation is provided on the straight-line basis over the estimated useful lives of the assets as follows:

Computers	3-5 years
Equipment	5-7 years

Building Fund work in process includes professional costs and construction costs associated with the acquisition and development of a new headquarters building (see Note 3). No depreciation has been taken on such assets as they were not placed in service as of December 31, 2016 or 2015.

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 1: Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is tax-exempt, under Section 501(c)(3) of the Internal Revenue Code of 1986. No provision for federal or state income taxes has been reported in its financial statements.

The Organization accounts for income taxes in accordance with the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. As of December 31, 2016 and 2015, the Organization has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the years then ended.

The Organization files its Federal Form 990 in the U.S. federal jurisdiction and a state registration in the office of the state's attorney general for the State of Ohio.

Public Support, Revenue, and Expenses

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets to be used directly in the operations, is transferred to the Organization. Goods given to the ministry that do not have a readily determinable fair value are not recorded.

Sales and other income is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Contributed Services

The Organization recognizes contributions of services received when those services (1) create or enhance nonfinancial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. The value assigned to the services received is equal to their estimated fair market value. For the years ended December 31, 2016 and 2015, the Organization has recognized no contributed services.

Many volunteers have contributed significant amounts of their time to the Organization. The volunteer assistance is used primarily in assembling materials for sale and for processing orders. No amounts have been reflected in the financial statements for these contributed services. The value of these donated services is not recorded because the services do not meet the criteria for recording as outlined above.

See Note 8 for contributed services from a related party.

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 1: Summary of Significant Accounting Policies (continued)

Contributed Rent

The office space used for the headquarters of the Organization is provided to the Organization at no cost. The estimated fair market rental value for the office facilities has been included in the financial statements as revenue and expense in the amount of \$130,476 and \$130,476 for the years ended December 31, 2016 and 2015, respectively.

Fair Value Measurements

In accordance with the “Fair Value Measurements” topic of the FASB ASC, the Organization uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the asset or liability and are based on the best available information, which has been internally developed.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 21, 2017, the date the financial statements were available to be issued.

Note 2: Investments

The following investments are measured at fair value on a recurring basis during the years ended December 31, 2016 and 2015. Money market funds are considered Level 1 investments under the FASB fair value hierarchy, while municipal bonds valued based upon bid-side quotations are considered Level 2 measurements.

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 1,217,437	\$ 1,194,665
Municipal bonds	<u>3,057</u>	<u>-</u>
Total investments	<u>\$ 1,220,494</u>	<u>\$ 1,194,665</u>

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 3: Capital Campaign – Building Fund

Beginning in 2011, the Organization undertook a campaign to raise funds for the construction of a headquarters building. Donations specifically restricted for the Building Fund are recorded as temporarily restricted revenues. Internal funds set aside by the Board are included in “Unrestricted net assets, Designated – Building Fund.”

All pledge forms for the capital campaign include language of an “intent to give” by the donor, and are therefore not considered revenue until cash is received by the Organization. The campaign had outstanding intents to give of \$29,000 and \$605,049 at December 31, 2016 and 2015, respectively.

Note 4: Temporarily Restricted Net Assets

Temporarily restricted net assets of \$-0- and \$1,728,826 at December 31, 2016 and 2015, respectively, represent donor-restricted contributions for the construction of a new headquarters building. Net assets released from restrictions of \$3,204,157 and \$3,439,218 during the years ended December 31, 2016 and 2015, respectively, represent the use of donor-restricted funds toward the construction of the aforementioned building.

Note 5: Long-term debt

Effective May 13, 2015, the Organization entered into a note agreement with a bank to provide for a construction loan of up to \$2,500,000 with a maturity date of November 2021. Advances under the note are to be used to bridge any cash flow needs of the Organization during the construction of its new headquarters facility while awaiting receipt of contributions from donors. Any advances under this note agreement shall be secured by the real property at 7040 Pettibone Road, Chagrin Falls, Ohio, 44023. The note agreement provides for interest to be charged at LIBOR plus 2.5%. Advances under this note agreement require interest-only payments through December 2016, at which point principal payments shall begin based upon a 240-month amortization schedule. There shall be 59 monthly payments of principal and interest under the 240-month amortization schedule, followed by a balloon payment of remaining principal and interest in November 2021. There is no prepayment penalty associated with this note. The note is subject to certain financial and non-financial covenants. During 2016 and 2015, the Organization did not utilize any advances under this credit facility. Subsequent to December 31, 2016, the Organization canceled this credit facility.

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 6: Obligations Under Leases

The Organization leases equipment under capital and operating lease agreements. The following is a schedule of future minimum lease payments for each of the next 5 years under capital lease agreements:

2017	\$	19,632
2018		19,632
2019		17,595
2020		5,742
2021		-
Future minimum lease payments		<u>62,601</u>
Less amount representing interest		<u>(6,362)</u>
Net present value of minimum lease payments		56,239
Less amount due within one		<u>(17,533)</u>
Amount due in greater than one year	\$	<u><u>38,706</u></u>

Fixed assets includes the following amounts for equipment under capital leases:

	<u>2016</u>	<u>2015</u>
Fixed assets	\$ 77,874	\$ 77,874
Accumulated depreciation	<u>(25,638)</u>	<u>(8,546)</u>
	\$ <u><u>52,236</u></u>	\$ <u><u>69,328</u></u>

Amortization of the fixed assets held under capital leases is included in depreciation expense.

The Organization leases certain equipment for use in its operations pursuant to operating lease agreements. Total lease and rental expense (excluding in-kind occupancy) were \$18,416 and \$16,605 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments under noncancelable operating leases with terms greater than one year are as follows for the years ending December 31:

2017	\$	14,178
2018		12,048
2019		5,257
2020		-
2021		-
	\$	<u><u>31,483</u></u>

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 7: Commitments

The cost of radio airtime was \$4,676,714 and \$4,655,969 for the years ended December 31, 2016 and 2015, respectively. A majority of these costs are associated with 320 to 350 out of over 1,700 radio stations. The contracts with those radio stations are cancelable with 30 days' notice.

The Organization entered into two agreements related to the construction of a headquarters facility during 2015, and an additional three agreements during 2016. The total commitment related to these agreements, including change orders through December 31, 2016, was \$8,161,718. Costs incurred through December 31, 2016 were \$7,946,133 leaving remaining contractual commitments outstanding at December 31, 2016 of \$215,585. Change orders subsequent to year end relating to these contracts totaled \$55,000.

Note 8: Related-Party Transactions

Parkside Church provided the office space to the Organization at no cost (see Note 1). Expenses related to payroll services provided by Parkside Church to the Organization were \$6,000 for each of the years ended December 31, 2016 and 2015. The Organization received an in-kind donation of land from Parkside Church during the year ended December 31, 2015. The land was valued based upon a third-party appraisal (level 2 measurement within the FASB ASC fair value hierarchy) for \$320,000.

The Organization received approximately \$508,300 and \$844,000 in contributions from members of the Board of Directors and the companies with which members of the Board of Directors are affiliated during the years ended December 31, 2016 and 2015, respectively.

Note 9: Retirement Plan

The Organization has a 403(b) defined contribution plan (the "Plan"). The Plan covers all employees over the age of 18 who normally work at least 30 hours per week and were employed on December 31 of the year who elect to participate. All contributions and earnings are immediately vested. Generally, each participant may elect to defer a portion of their annual compensation up to 20%, not to exceed \$10,500. The Organization contributes 1% of prorated earnings in the first year of employment, 3% of earnings in the second year of employment, and 5% of earnings each year thereafter. During the years ended December 31, 2016 and 2015, expense related to the employer contributions to the plan totaled \$51,168 and \$41,779, respectively.

Truth For Life

Notes to the Financial Statements

December 31, 2016 and 2015

Note 10: Allocation of Joint Activities Costs

For the years ended December 31, 2016 and 2015, Truth For Life incurred costs for producing and distributing their radio program as well as direct mailings to members. These materials included: information, materials, and activities that included fundraising appeals. These costs were allocated to fundraising, management and general and program services as follows:

	<u>2016</u>	<u>2015</u>
Fundraising	\$ 250,790	\$ 238,771
Management and general	408,067	349,362
Program services	<u>6,411,224</u>	<u>6,152,574</u>
Total joint activities costs	<u>\$ 7,070,081</u>	<u>\$ 6,740,707</u>