

DEREK PRINCE MINISTRIES—
INTERNATIONAL, INC
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015
AND
INDEPENDENT AUDITOR'S REPORT

FRANKLIN & FRANKLIN, PA
CERTIFIED PUBLIC ACCOUNTANTS

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DEREK PRINCE MINISTRIES—INTERNATIONAL, INC.
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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FRANKLIN & FRANKLIN, PA

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Derek Prince Ministries- International, Inc.
Charlotte, North Carolina

We have audited the accompanying financial statements of Derek Prince Ministries- International, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 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 audit. 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 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 Derek Prince Ministries- International, Inc. as of September 30, 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.

Franklin & Franklin, PA
Matthews, North Carolina



November 11, 2016

DEREK PRINCE MINISTRIES-INTERNATIONAL, INC.
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2016 AND 2015

	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
ASSETS		
CURRENT ASSETS:		
Cash and equivalents - Unrestricted	\$ 1,081,227	\$ 757,064
Cash and equivalents - Temporarily restricted	390,296	49,316
Investments	103,945	103,269
Accounts receivable, net of allowance of \$-0- for 2016 and \$-0- for 2015.	5,456	14,642
Other receivables	12,608	11,904
Inventory	175,553	170,714
Prepaid expenses	<u>62,746</u>	<u>41,194</u>
Total Current Assets	1,831,831	1,148,103
PROPERTY AND EQUIPMENT:		
Building, furniture and equipment	1,473,572	1,467,907
Less accumulated depreciation	<u>(689,604)</u>	<u>(675,743)</u>
Total Property and Equipment	<u>783,968</u>	<u>792,164</u>
TOTAL ASSETS	<u>\$ 2,615,799</u>	<u>\$ 1,940,267</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued expenses	<u>91,403</u>	<u>81,991</u>
	91,403	81,991
LONG-TERM DEBT		
	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	91,403	81,991
NET ASSETS:		
Unrestricted	2,134,100	1,808,960
Temporarily restricted	<u>390,296</u>	<u>49,316</u>
TOTAL NET ASSETS	<u>2,524,396</u>	<u>1,858,276</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,615,799</u>	<u>\$ 1,940,267</u>

See accompanying notes and independent auditor's report.

DEREK PRINCE MINISTRIES-INTERNATIONAL, INC.
 STATEMENTS OF ACTIVITIES
 YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>September 30,</u> 2016	<u>September 30,</u> 2015
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenue and Support:		
Contributions	\$ 2,192,231	\$ 1,835,460
Sales	185,574	223,006
Investment income	2,335	255
Royalties	95,171	137,847
	<hr/>	<hr/>
Total Revenue and Support	2,475,311	2,196,568
Net Assets Released from Restrictions:		
Satisfaction of donor restrictions	535,851	675,618
	<hr/>	<hr/>
Total Unrestricted Revenue and Support	3,011,162	2,872,186
Expenses:		
Cost of sales	181,560	187,528
Program services	1,640,278	1,562,927
Supporting services	712,209	619,255
Fund raising	151,975	139,927
	<hr/>	<hr/>
Total Expenses	2,686,022	2,509,637
Change in Unrestricted Net Assets	325,140	362,549
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	861,363	640,299
Transfer from international offices	15,468	1,302
Net Assets Released from Restrictions	(535,851)	(675,618)
	<hr/>	<hr/>
Change in Temporarily Restricted Net Assets	340,980	(34,017)
CHANGE IN NET ASSETS	666,120	328,532
NET ASSETS AT BEGINNING OF YEAR	<hr/> 1,858,276	<hr/> 1,529,744
NET ASSETS AT END OF YEAR	<hr/> <u>\$ 2,524,396</u>	<hr/> <u>\$ 1,858,276</u>

See accompanying notes and independent auditor's report.

DEREK PRINCE MINISTRIES--INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	COST OF SALES	PROGRAM EXPENSES	SUPPORTING SERVICES	FUND RAISING	OCCUPANCY EXPENSES	TOTAL
Advertising	\$ 1,279	\$ -	\$ -	\$ -	\$ -	\$ 1,279
Airtime	-	19,688	-	1,036	-	20,724
Vehicle expense	-	-	4,892	-	-	4,892
Bank and credit card charges	5,983	-	24,120	-	-	30,103
Building repairs and maintenance	-	-	-	-	9,750	9,750
Contract services	5,830	40,298	65,022	-	-	111,150
Depreciation	-	10,000	45,496	7,000	-	62,496
Domestic outreach	-	75,349	-	-	-	75,349
Donor relations	-	-	-	22,525	-	22,525
Dues and subscriptions	-	-	6,622	-	-	6,622
Freight, shipping and postage	29,287	-	21,110	-	-	50,397
Insurance	-	-	-	-	12,134	12,134
Ministry Outreach	-	715,374	-	-	15,241	715,374
Janitorial	-	-	-	-	-	15,241
Less international office reimbursement	-	-	(63,428)	-	-	(63,428)
Materials	52,795	-	-	-	-	52,795
Direct mail expense, including partner letters	-	67,619	-	37,623	-	105,242
Operating supplies and other operating expenses	-	-	75,785	-	-	75,785
Other	693	2,790	-	-	-	3,483
Production expense	-	55,339	-	-	-	55,339
Professional fees	-	-	18,651	-	-	18,651
Rent	-	-	-	-	3,551	3,551
Repairs and maintenance	-	-	62,356	-	-	62,356
Salaries and benefits	72,465	582,832	388,416	74,068	-	1,117,781
Telephone	-	-	-	-	13,756	13,756
Travel, meetings and seminars	-	-	46,177	-	-	46,177
Utilities	-	-	-	-	15,441	15,441
Web site	-	34,898	-	6,159	-	41,057
Occupancy	13,228	36,091	16,990	3,564	(69,873)	-
	\$ 181,560	\$ 1,640,278	\$ 712,209	\$ 151,975	\$ -	\$ 2,686,022

See accompanying notes and independent auditor's report.

DEREK PRINCE MINISTRIES--INTERNATIONAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2015

	COST OF SALES	PROGRAM EXPENSES	SUPPORTING SERVICES	FUND RAISING	OCCUPANCY EXPENSES	TOTAL
Advertising	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Airtime	-	20,958	-	1,103	-	22,061
Vehicle expense	-	-	3,962	-	-	3,962
Bank and credit card charges	5,326	-	23,308	-	-	28,634
Building repairs and maintenance	-	-	-	-	6,127	6,127
Contract services	6,777	52,932	64,932	-	-	124,641
Depreciation	-	9,200	40,690	6,000	-	55,890
Domestic outreach	-	79,029	-	-	-	79,029
Donor relations	-	-	-	14,208	-	14,208
Dues and subscriptions	-	-	6,550	-	-	6,550
Freight, shipping and postage	18,672	-	25,782	-	-	44,454
Insurance	-	-	-	-	11,228	11,228
Ministry Outreach	-	651,212	-	-	14,371	651,212
Janitorial	-	-	-	-	-	14,371
Less international office reimbursement	-	-	(102,388)	-	-	(102,388)
Materials	68,757	-	-	-	-	68,757
Direct mail expense, including partner letters	-	70,296	-	44,762	-	115,058
Operating supplies and other operating expenses	-	-	41,921	-	-	41,921
Other	863	3,635	0	-	-	4,498
Production expense	-	68,006	-	-	-	68,006
Professional fees	-	-	22,871	-	-	22,871
Rent	-	-	-	-	3,366	3,366
Repairs and maintenance	-	-	59,892	-	-	59,892
Salaries and benefits	-	-	365,926	65,911	-	1,044,218
Telephone	69,018	543,363	-	-	-	612,381
Travel, meetings and seminars	-	-	-	-	22,641	22,641
Utilities	-	-	47,335	-	-	47,335
Web site	-	26,029	-	-	16,473	42,502
Occupancy	14,115	38,267	18,474	3,350	(74,206)	30,622
	\$ 187,528	\$ 1,562,927	\$ 619,255	\$ 139,927	\$ -	\$ 2,509,637

See accompanying notes and independent auditor's report.

DEREK PRINCE MINISTRIES-INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	September 30, 2016	September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 666,120	\$ 328,532
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	62,496	55,890
Change in:		
investments	(676)	615
accounts receivable	9,186	(2,211)
inventory	(4,839)	21,380
prepaid expense	(21,552)	4,889
other receivables	(704)	(2,759)
accounts payable	-	(3,854)
accrued expenses	9,412	15,835
Net Cash Provided by Operating Activities	719,443	418,317
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposition of property and equipment	-	-
Purchase of property and equipment	(54,300)	(66,640)
Net Cash Used for Investing Activities	(54,300)	(66,640)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	-	-
Payment of long-term debt	-	-
Net Cash Used for Financing Activities	-	-
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 665,143	 351,677
 CASH AND CASH EQUIVALENTS, Beginning of year	 806,380	 454,703
 CASH AND CASH EQUIVALENTS, End of year	 \$ 1,471,523	 \$ 806,380
 UNRESTRICTED CASH AND CASH EQUIVALENTS	 \$ 1,081,227	 \$ 757,064
TEMPORARILY RESTRICTED CASH AND CASH EQUIVALENTS	390,296	49,316
 TOTAL CASH AND CASH EQUIVALENTS	 \$ 1,471,523	 \$ 806,380

SUPPLEMENTAL DATA

The Ministries paid no income tax during 2016 or 2015.

The Ministries paid interest of \$-0- during 2016, and \$-0- during 2015.

See accompanying notes and independent auditor's report.

DEREK PRINCE MINISTRIES—INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

Organization

Derek Prince Ministries—International, Inc. (the “Ministry”) was incorporated on December 18, 1990, and is located in Charlotte, North Carolina. The Ministry is involved in developing books, audio materials, video materials, and other teaching materials related to evangelism that it distributes worldwide in more than 100 languages. The distribution of the material is made through donations to international outreach offices and sales to the general public. It also prepares evangelical radio programs for worldwide distribution. These outreach efforts are primarily supported by contributions. Reverend Derek Prince was the founding teacher.

Various Ministry offices exist throughout the world that are separate nonprofit corporations, formed under the laws of the respective countries in which they operate. These corporations are governed by independent Boards of Directors; therefore, the results of their operations have not been included in these financial statements. The Ministry made contributions to international outreach offices of \$554,266 and \$535,511 for 2016 and 2015, respectively, based on designated contributions made to the Ministry by various donors. Additionally, beginning in the year ended September 30, 1995, these offices reimbursed Derek Prince Ministries—International, Inc. for operating expenses of \$63,428 for the year ended September 30, 2016 and \$102,388 for the year ended September 30, 2015, which is reflected herein as a reduction of operating expenses.

Basis of Accounting

Basis of accounting refers to when revenue and expenses are recognized in the accounts and reported in the financial statements. The Ministry uses the accrual basis of accounting as required by generally accepted accounting principles, whereby revenue is recognized when it is earned and expenses are recognized when they are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand and time deposits, and money market accounts that mature within one year. As of September 30, 2016 and 2015, demand deposits and money market accounts consist of cash deposited in banks in the amount of \$1,467,802 and \$803,767, and in unsecured money market funds in national investment companies in the amount of \$3,721 and \$2,613 respectively. Cash and cash equivalents exceeded FDIC limits at September 30, 2016 by \$1,230,570 and by \$571,021 at September 30, 2015. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

DEREK PRINCE MINISTRIES—INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
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Inventory

Inventories are valued at the lower of cost or market using the last in—first out (LIFO) cost method and consist of books, audio materials, video materials, and other teaching materials.

Revenue and Support

The Ministry receives revenue primarily from contributions and sales of books and other materials. Sale prices of the materials are fixed by the Ministry and are intended to represent the direct and indirect costs of producing them.

The Ministry reports gifts and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends or purpose restriction is accomplished—temporarily restricted net assets is reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The Ministry reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Ministry reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Temporarily restricted net assets of \$390,296 and \$49,316 for 2016 and 2015, respectively, relates to unspent contributions received by the Ministry, which have been designated by the donor for specific outreach programs and a reallocation of undesignated funds by the Board of Directors.

Contributions received in the form of securities are recorded at fair market value at the date of receipt. The Ministry's policy is to sell the securities shortly after receipt. Additionally, supporters of the Ministry provide volunteer service in various activities of the Ministry, which are not recorded as revenue.

Expenses

The Ministry classifies its expenses on a functional basis under the following categories:

- 1) Program Service Expenses - direct and indirect costs related to providing ministry services.
- 2) Fund Raising Expenses - direct and indirect costs of all activities that constitute an appeal for financial support.
- 3) Supporting Service Expenses - all other costs not directly related to program services or fund raising expenses.

DEREK PRINCE MINISTRIES—INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Salaries, fringe benefits and other indirect expenses were allocated between program services, supporting services, and fund raising based on various allocation factors. See Note 7 for a schedule of joint cost allocation.

Advertising Costs

Advertising costs are charged to expense as incurred. Total advertising costs were \$1,279 and \$4,000 for 2016 and 2015, respectively.

Freight and Shipping

Freight and shipping costs are charged to expense as incurred. These costs are reflected in the schedule of joint cost allocation reflected in Note 7.

Property and Equipment

Property and equipment are stated at cost or, in the case of items contributed, the estimated fair value of the item at the date of receipt. Additions, improvements and expenditures for repairs and maintenance that significantly add to the productivity or extend the economic life of the assets are capitalized if they cost \$500 or more. Other expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is calculated using the straight-line method based on estimated useful lives ranging from three to forty years. When assets are retired, the assets and related accumulated depreciation are removed from the respective accounts and any profit or loss on the dispositions credited or charged to income. Depreciation expense was \$62,496 and \$55,890 for 2016 and 2015, respectively.

A summary of property is as follows:

	2016	2015
Cost:		
Buildings and improvements	\$ 939,406	\$ 939,406
Furniture and equipment	<u>534,166</u>	<u>528,501</u>
	1,473,572	1,467,907
Accumulated Depreciation	<u>689,604</u>	<u>675,743</u>
Net Property	<u>\$ 783,968</u>	<u>\$ 792,164</u>

Income Taxes

The Ministry has been granted an exemption from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. Accordingly, no provision for income taxes is provided in the financial statements.

DEREK PRINCE MINISTRIES—INTERNATIONAL, INC.
 NOTES TO FINANCIAL STATEMENTS
 FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable related to the sale of religious material or other receivables due from affiliates at September 30, 2016 and 2015 is comprised of the following:

	<u>2016</u>	<u>2015</u>
Due from international affiliates	\$ 3,737	\$ 10,453
Due from commercial customers	<u>1,719</u>	<u>4,189</u>
	5,456	14,642
Less allowance for doubtful accounts	<u>-0-</u>	<u>-0-</u>
	<u>\$ 5,456</u>	<u>\$ 14,642</u>

Management closely monitors the outstanding balances of accounts receivable.

NOTE 3 - LONG-TERM DEBT

The Ministry had a line of credit in the amount of \$350,000 which has not been used and which was terminated during year ended September 30, 2015.

NOTE 4 – INVESTMENTS AND INVESTMENT INCOME

Investments at September 30, 2016 are comprised of a short-term income fund in the amount of \$103,945 reported at fair value. A summary of investment income for 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 1,259	\$ 871
Increase (decrease) in value of investments	<u>1,076</u>	<u>(616)</u>
	<u>\$ 2,335</u>	<u>\$ 255</u>

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards ASC and other valuation methodologies in accordance with Statement of Financial Accounting Standards ASC Topic 825, *Disclosures About Fair Value of Financial Instruments* and FASB ASC Topic 820, *Fair Value Measurements* require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

DEREK PRINCE MINISTRIES—INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

Level 1- Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2- Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3- Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of September 30, 2016, the Ministry's investments are classified as a Level 1 assets.

NOTE 6 - RELATED PARTY TRANSACTIONS

Various Ministry offices exist throughout the world that are separate nonprofit corporations, formed under the laws of the respective countries in which they operate. These corporations are governed by independent Boards of Directors; therefore, the results of their operations have not been included in these financial statements. The Ministry made contributions to international outreach offices of \$554,266 and \$535,511 for 2016 and 2015, respectively, based on designated contributions made to the Ministry by various donors. One member of the Ministry Board of Directors is also a member of several of the independent Boards of Directors in the other countries. He periodically meets with those organizations to be certain that their relationships with the Ministry are properly maintained.

NOTE 7 - ALLOCATION OF JOINT COSTS

Joint costs were allocated to functional activities as follows:

	<u>Ministry Program Expenses</u>				
	<u>2016</u>	<u>Cost of Sales</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fund Raising</u>
Salaries and benefits	\$ 72,465	\$582,832	\$388,416	\$ 74,068	\$1,117,781
Occupancy	13,228	36,091	16,990	3,564	69,873
Airtime	-0-	19,688	-0-	1,036	20,724
Freight and Shipping	<u>29,287</u>	<u>-0-</u>	<u>21,110</u>	<u>-0-</u>	<u>50,397</u>
	<u>\$114,980</u>	<u>\$638,611</u>	<u>\$426,516</u>	<u>\$ 78,668</u>	<u>\$1,258,775</u>

DEREK PRINCE MINISTRIES—INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015

<u>2015</u>	<u>Ministry Program Expenses</u>				<u>Total</u>
	<u>Cost of Sales</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fund Raising</u>	
Salaries and benefits	\$ 69,018	\$543,363	\$365,926	\$ 65,911	\$1,044,218
Occupancy	14,115	38,267	18,474	3,350	74,206
Airtime	-0-	20,958	-0-	1,103	22,061
Freight and Shipping	<u>18,672</u>	<u>-0-</u>	<u>25,782</u>	<u>-0-</u>	<u>44,454</u>
	<u>\$101,805</u>	<u>\$602,588</u>	<u>\$410,182</u>	<u>\$ 70,364</u>	<u>\$1,184,939</u>

NOTE 8 - RETIREMENT PLAN

The Ministry provides a Section 403(b) retirement plan for all eligible employees and during the year ended September 30, 2016, the Ministry paid \$11,260 as a two percent match of salary for eligible employees plus a contribution of \$11,326 for certain board-approved employees for a total of \$22,586. \$19,762 was paid for the year ended September 30, 2015. Such amounts are reflected in salaries and benefits.

NOTE 9 - LEASES

The Ministry is committed to leases for office equipment with payments of \$210-\$1,172 for twelve to sixty months. Lease expense was \$14,898 for 2016 and \$30,534 for 2015 and is reflected in operating supplies and operating expenses. A summary of commitments for the next five years is as follows:

September 30, 2017	\$ 28,441
2018	28,441
2019	20,565
2020	15,084
2021	12,279

NOTE 10 - SUBSEQUENT EVENTS ANALYSIS

Management has evaluated subsequent events through November 11, 2016, the date on which the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.