# Bethany 

# Consolidated Financial Statements <br> (and supplemental material) <br> Year Ended December 31, 2006 

BDO Seidman, LLP
Accountants and Consultants

# Bethany Christian Services (a not-for-profit corporation) 

Consolidated Financial Statements (and supplemental material)

Year Ended December 31, 2006

# Bethany Christian Services <br> (a not-for-profit corporation) 

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# Independent Auditors' Report 

Board of Directors<br>Bethany Christian Services<br>Grand Rapids, Michigan

We have audited the accompanying consolidated statement of financial position of Bethany Christian Services and subsidiaries (a not-for-profit corporation) as of December 31, 2006, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2005 consolidated financial statements and, in our report dated February 24, 2006, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bethany Christian Services and subsidiaries as of December 31, 2006, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8 to the consolidated financial statements, the Organization changed its method for recognizing the funded status of its defined benefit pension plan in 2006.

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2007, on our consideration of the Organization's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.


Grand Rapids, Michigan
March 23, 2007

## Consolidated Financial Statements

| December 31, | Current Operating | Temporarily Restricted |
| :---: | :---: | :---: |
| Assets |  |  |
| Cash and cash equivalents | \$ 5,463,669 | \$ |
| Investments (Note 3) | 26,489,867 | - |
| Accounts receivable, net of allowance for doubtful accounts of $\$ 68,000$ and $\$ 55,000$ for 2006 and 2005, respectively | 6,097,257 | - |
| Campaign pledges receivable (Note 4) | 34,401 | 428,186 |
| Prepaid expenses | 228,009 | - |
| Due from other funds | - | 4,703,151 |
| Total current assets | 38,313,203 | 5,131,337 |
| Property and equipment |  |  |
| Land and land improvements | 1,578,361 | - |
| Buildings and improvements | 11,577,547 |  |
| Furniture and equipment | 4,327,318 |  |
| Vehicles | 133,602 | - |
| Construction in progress (estimated cost to complete of $\$ 1,170,000$ ) | 299,136 | 739,703 |
|  | 17,915,964 | 739,703 |
| Less accumulated depreciation | 7,364,954 | - |
| Net property and equipment | 10,551,010 | 739,703 |
| Other assets |  |  |
| Intangible asset from pension plan (Note 8) | - | - |
| Campaign pledges receivable, less current portion (Note 4) | 26,774 | 277,977 |
| Investment in unconsolidated affiliate (Note 11) | 782,234 | - |
| Deposits | 94,578 | - |
| Total other assets | 903,586 | 277,977 |
| Total Assets | \$49,767,799 | \$ 6,149,017 |

# Bethany Christian Services <br> (a not-for-profit corporation) 

Totals

| Permanently Restricted | Totals |  |
| :---: | :---: | :---: |
|  | 2006 | 2005 |
| \$ | \$ 5,463,669 | \$ 4,751,460 |
| 112,076 | 26,601,943 | 23,521,475 |
| - | 6,097,257 | 6,625,621 |
| - | 462,587 | 915,148 |
| - | 228,009 | 537,662 |
| - | 4,703,151 | 4,856,632 |
| 112,076 | 43,556,616 | 41,207,998 |
| - | 1,578,361 | 1,272,113 |
| - | 11,577,547 | 11,273,249 |
| - | 4,327,318 | 4,003,020 |
| - | 133,602 | 79,623 |
| - | 1,038,839 | 360,104 |
| - | 18,655,667 | 16,988,109 |
| - | 7,364,954 | 6,682,241 |
| - | 11,290,713 | 10,305,868 |


| - | - | 271,330 |
| ---: | ---: | ---: |
| - | $\mathbf{3 0 4 , 7 5 1}$ | 420,631 |
| - | $\mathbf{7 8 2 , 2 3 4}$ | 793,591 |
| - | $\mathbf{9 4 , 5 7 8}$ | 84,839 |
|  | $\mathbf{1 , 1 8 1 , 5 6 3}$ | $1,570,391$ |

\$ 112,076 \$56,028,892 \$53,084,257

| December 31, | Current <br> Operating | Temporarily <br> Restricted |
| :--- | ---: | ---: |

## Liabilities and Net Assets

## Liabilities

| Accounts payable and accrued expenses | $\$ 1,982,960$ | $\$$ |
| :--- | ---: | ---: |
| Employee compensation and benefits | $3,488,200$ |  |
| Deferred adoption fees | $3,385,555$ | - |
| Due to other funds | $4,703,151$ | - |
| Current maturities of long-term notes payable (Note 7) | 70,663 | - |
| Other liabilities | - | 455,093 |
| Total current liabilities | $13,630,529$ | 455,093 |

Long-term liabilities:

Long-term notes payable, less current maturities (Note 7) 648,418 -
Annuities payable (Note 6) $\quad$ 372,208 $\quad-$ Additional minimum pension liability (Note 8) $\quad 3,533,927 \quad-\quad$.

| Total long-term liabilities | $4,554,553$ | - |
| :--- | ---: | ---: |
| Total Liabilities | $18,185,082$ | - |

Commitments and Contingencies (Notes 5, 8, 9, 10 and 11)

| Net Assets |  |  |
| :--- | ---: | ---: |
| Unrestricted: |  |  |
| Undesignated | $19,679,845$ | - |
| Board designated - Children's Fund | $11,899,329$ | - |
| Gifts for Bethany | 3,543 | - |
| Temporarily restricted: | - | $5,693,924$ |
| Building Fund | - | - |
| Permanently restricted | $31,582,717$ | $5,693,924$ |
| Total Net Assets | $\$ 49,767,799$ | $\$ 6,149,017$ |
| Total Liabilities and Net Assets |  |  |

# Bethany Christian Services <br> (a not-for-profit corporation) 

Totals

|  | Totals |  |
| ---: | :---: | :---: |
| Permanently |  |  |
| Restricted | $\mathbf{2 0 0 6}$ | 2005 |


| $\$$ | - | $\mathbf{1 , 9 8 2 , 9 6 0}$ | $\$ 2,149,145$ |
| ---: | ---: | ---: | ---: |
|  | - | $\mathbf{3 , 4 8 8 , 2 0 0}$ | $3,141,297$ |
|  | - | $\mathbf{3 , 3 8 5 , 5 5 5}$ | $3,144,083$ |
|  | - | $\mathbf{4 , 7 0 3 , 1 5 1}$ | $4,856,632$ |
|  | - | $\mathbf{7 0 , 6 6 3}$ | 62,021 |
|  | - | $\mathbf{4 5 5 , 0 9 3}$ | - |
|  | $\mathbf{1 4 , 0 8 5 , 6 2 2}$ | $13,353,178$ |  |
|  |  |  |  |
|  | - | $\mathbf{6 4 8 , 4 1 8}$ | 719,081 |
|  | - | $\mathbf{3 7 2 , 2 0 8}$ | 560,293 |
|  | - | $\mathbf{4 , 5 5 4 , 5 5 3}$ | $4,303,805$ |
|  |  | $\mathbf{1 8 , 6 4 0 , 1 7 5}$ | $17,656,983$ |


| - | $\mathbf{5 , 6 9 3 , 9 2 4}$ | $6,181,618$ |
| ---: | ---: | ---: |
| 112,076 | $\mathbf{1 1 2 , 0 7 6}$ | 96,684 |
| 112,076 | $\mathbf{3 7 , 3 8 8 , 7 1 7}$ | $35,427,274$ |
| $\$ 112,076$ | $\$ \mathbf{5 6 , 0 2 8 , 8 9 2}$ | $\$ 53,084,257$ |

See accompanying notes to consolidated financial statements.

| Year ended December 31, | Current <br> Operating | Temporarily <br> Restricted |
| :--- | ---: | ---: |
| Operating Revenues and Other Support |  |  |
| Contributions: | $\$ 4,801,678$ | $\$$ |
| $\quad$ Individual | $1,489,318$ |  |
| Churches and affiliated organizations | $3,681,006$ | 548,041 |
| Business and foundations | 527,904 | - |
| Other | $27,606,227$ | - |
| Child support | $16,557,872$ | - |
| Service fees | $1,465,043$ | - |
| Investment income | $1,099,097$ | - |
| Realized gain on investments | 531,388 | - |
| Unrealized gain (loss) on investments | $1,591,399$ | - |
| Miscellaneous income |  |  |

Total Operating Revenues and Other Support
59,350,932

# Bethany Christian Services <br> (a not-for-profit corporation) 

Consolidated Statements of Activities

| Permanently Restricted | Totals |  |
| :---: | :---: | :---: |
|  | 2006 | 2005 |
| \$ | \$ 5,036,161 | \$ 5,850,952 |
| - | 1,489,318 | 1,397,557 |
| 13,786 | 4,242,833 | 2,856,285 |
| - | 527,904 | 387,559 |
| - | 27,606,227 | 28,196,104 |
| - | 16,557,872 | 16,547,282 |
| 1,606 | 1,466,649 | 1,038,415 |
| - | 1,099,097 | 514,593 |
| - | 531,388 | $(851,258)$ |
| - | 1,591,399 | 1,347,168 |
| 15,392 | 60,148,848 | 57,284,657 |


| Year ended December 31, | Current Operating | Temporarily Restricted |  |
| :---: | :---: | :---: | :---: |
| Operating Expenses |  |  |  |
| Program services: |  |  |  |
| Michigan: |  |  |  |
| Residential: |  |  |  |
| Social services | \$ 562,469 | \$ | - |
| Maintenance | 1,600,871 |  | - |
| Foster care: |  |  |  |
| Social services | 1,956,550 |  | - |
| Maintenance | 2,215,274 |  | - |
| State adoptions | 2,940,392 |  | - |
| Refugee | 1,631,855 |  | - |
| Other programs | 6,340,576 |  | - |
| Adoptions, foster care and other programs outside of Michigan | 30,329,031 |  | - |
| Foster care: |  |  |  |
| Illinois | 813,159 |  | - |
| Philadelphia | 1,421,346 |  | - |
| Total program services | 49,811,523 |  | - |
| Management and general | 4,018,332 |  | - |
| Fund raising | 2,324,509 |  | - |
| Total Operating Expenses | 56,154,364 |  | - |
| Change in Net Assets From Operating Activities | 3,196,568 |  | 782,524 |
| Nonoperating Expenses |  |  |  |
| Effect of implementation of FASB Statement No. 158 (Note 8) | $(2,033,041)$ |  | - |
| Net assets released from restrictions | 1,270,218 |  | $(1,270,218)$ |
| Total Nonoperating Expenses | $(762,823)$ |  | $(1,270,218)$ |
| Changes in Net Assets | \$ 2,433,745 | \$ | $(487,694)$ |

# Bethany Christian Services <br> (a not-for-profit corporation) 

|  | Totals |  |
| ---: | :---: | ---: |
| Permanently |  |  |
| Restricted | $\mathbf{2 0 0 6}$ | 2005 |


| $\$$ | - | $\mathbf{5 6 2 , 4 6 9}$ | $\$$ | 537,496 |
| :--- | :--- | ---: | ---: | ---: | ---: |
|  | - | $\mathbf{1 , 6 0 0 , 8 7 1}$ |  | $1,649,003$ |

- 1,956,550 2,085,620
- 2,215,274 2,341,229
- 2,940,392 2,874,500
- 1,631,855 1,760,635
- 6,340,576 5,883,498
- 30,329,031 29,235,009

| - | $\mathbf{8 1 3 , 1 5 9}$ | 905,659 |
| ---: | ---: | ---: |
| - | $\mathbf{1 , 4 2 1 , 3 4 6}$ | $1,513,653$ |
| - | $\mathbf{4 9 , 8 1 1 , 5 2 3}$ | $48,786,302$ |
| - | $\mathbf{4 , 0 1 8 , 3 3 2}$ | $3,824,958$ |
| - | $\mathbf{2 , 3 2 4 , 5 0 9}$ | $1,986,318$ |


| - | $\mathbf{5 6 , 1 5 4 , 3 6 4}$ | $54,597,578$ |
| ---: | ---: | ---: |
| 15,392 | $\mathbf{3 , 9 9 4}, \mathbf{4 8 4}$ | $2,687,079$ |


| - | $(2,033,041)$ | - |
| ---: | ---: | ---: |
| - | - | - |
| - | $(\mathbf{2 , 0 3 3 , 0 4 1})$ | - |
| $\$ 15,392$ | $\$ 1,961,443$ | $\$$ |

See accompanying notes to consolidated financial statements.


# Bethany Christian Services <br> (a not-for-profit corporation) 

## Consolidated Statements of Functional Expenses

| Refugee | Other <br> Programs | Adoptions, <br> Foster Care and Other Programs Outside of Michigan | Foster Care |  |  |  | Management and General | Fund <br> Raising |  | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  | Illinois |  | hiladelphia |  |  |  |  |
| \$ 410,145 | \$ 3,399,661 | \$ 13,579,111 | \$ | 352,178 | \$ | 487,038 | \$1,951,496 | \$ | 769,397 | \$25,413,821 |
| 83,441 | 494,050 | 2,168,891 |  | 78,651 |  | 98,838 | 313,131 |  | 116,386 | 4,171,022 |
| 30,536 | 249,566 | 1,022,597 |  | 26,903 |  | 34,378 | 140,221 |  | 62,360 | 1,892,738 |
| 46,157 | 226,908 | 1,137,102 |  | 8,554 |  | 8,772 | 161,078 |  | 76,349 | 1,765,456 |
| 284 | 85,956 | 327,630 |  | 5,602 |  | 6,029 | 19,677 |  | 11,991 | 550,196 |
| 3,632 | 47,482 | 460,695 |  | 9,232 |  | 10,340 | 62,048 |  | 12,424 | 667,150 |
| 4,012 | 26,484 | 455,213 |  | 6,004 |  | 3,749 | 45,788 |  | 59,379 | 631,432 |
| 16,265 | 281,397 | 1,895,060 |  | 17,061 |  | 91,377 | 167,468 |  | 52,229 | 2,904,254 |
| 1,233 | 56,632 | 447,596 |  | 398 |  | 906 | 34,769 |  | 116,353 | 676,877 |
| 51,517 | 270,025 | 1,197,070 |  | 13,051 |  | 29,664 | 129,672 |  | 37,172 | 2,016,627 |
| 12,873 | 79,900 | 1,130,629 |  | 9,224 |  | 16,497 | 11,831 |  | 21,766 | 1,349,853 |
| 945,209 | 632,597 | 4,130,762 |  | 245,915 |  | 614,818 | 452 |  | 56 | 8,898,410 |
| - | - | 798,471 |  | - |  | - | - |  | - | 798,471 |
| 22,630 | 394,219 | 1,417,351 |  | 34,899 |  | 14,910 | 689,484 |  | 964,817 | 3,699,431 |
| 3,921 | 95,699 | 160,853 |  | 5,487 |  | 4,030 | 291,217 |  | 23,830 | 718,626 |
| 1,631,855 | 6,340,576 | 30,329,031 |  | 813,159 |  | 1,421,346 | 4,018,332 |  | 2,324,509 | 56,154,364 |
| 32,441 | 266,054 | 1,092,487 |  | 30,457 |  | 36,685 | 155,406 |  | 67,735 | 2,033,041 |
| \$ 1,664,296 | \$ 6,606,630 | \$ 31,421,518 | \$ | 843,616 | \$ | 1,458,031 | \$4,173,738 | \$ | 2,392,244 | \$58,187,405 |

See accompanying notes to consolidated financial statements.


# Bethany Christian Services <br> (a not-for-profit corporation) 

## Consolidated Statements of Functional Expenses

|  |  | Adoptions, Foster Care and Other Programs Outside of Michigan | Foster Care |  |  |  | Management and General | $\begin{array}{r} \text { Fund } \\ \text { Raising } \\ \hline \end{array}$ |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Refugee | Other <br> Programs |  |  | Illinois |  | hiladelphia |  |  |  | Total |
| \$ 411,041 | \$ 3,032,591 | \$ 12,245,211 | \$ | 368,001 | \$ | 563,239 | \$1,867,324 | \$ | 676,975 | \$23,478,411 |
| 96,234 | 708,910 | 2,654,225 |  | 96,912 |  | 130,556 | 385,618 |  | 138,445 | 5,256,592 |
| 29,191 | 228,244 | 913,492 |  | 27,834 |  | 43,110 | 133,257 |  | 56,552 | 1,755,364 |
| 53,760 | 195,755 | 956,518 |  | 6,359 |  | 5,965 | 121,952 |  | 51,365 | 1,460,955 |
| 178 | 70,151 | 321,150 |  | 6,308 |  | 5,198 | 35,273 |  | 14,997 | 533,594 |
| 4,624 | 39,777 | 441,181 |  | 8,811 |  | 10,853 | 55,078 |  | 13,609 | 648,376 |
| 4,011 | 18,087 | 402,282 |  | 9,447 |  | 6,748 | 65,746 |  | 61,164 | 600,638 |
| 9,394 | 234,810 | 1,720,052 |  | 22,073 |  | 88,233 | 140,577 |  | 44,311 | 2,660,552 |
| 1,148 | 53,816 | 420,483 |  | 2,776 |  | 1,875 | 47,895 |  | 138,511 | 682,227 |
| 44,423 | 245,661 | 994,468 |  | 11,729 |  | 25,916 | 100,860 |  | 30,474 | 1,737,969 |
| 6,562 | 62,692 | 1,242,479 |  | 173 |  | 5,132 | 83,353 |  | 12,793 | 1,486,231 |
| 1,073,906 | 763,963 | 4,480,351 |  | 297,804 |  | 600,631 | 1,030 |  | - | 9,688,861 |
| - | - | 677,950 |  | - |  | - | - |  | - | 677,950 |
| 22,619 | 145,447 | 1,659,501 |  | 36,886 |  | 20,924 | 535,223 |  | 747,122 | 3,329,940 |
| 3,544 | 83,594 | 105,666 |  | 10,546 |  | 5,273 | 251,772 |  | - | 599,918 |
| \$ 1,760,635 | \$ 5,883,498 | \$ 29,235,009 | \$ | 905,659 | \$ | 1,513,653 | \$3,824,958 | \$ | 1,986,318 | \$54,597,578 |

See accompanying notes to consolidated financial statements.

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Consolidated Statements of Changes in Net Assets

|  | Current Operating | Temporarily Restricted | Permanently Restricted | Total |
| :---: | :---: | :---: | :---: | :---: |
| Balance, January 1, 2005 | \$27,746,630 | \$ 4,912,854 | \$ 80,711 | \$32,740,195 |
| Changes in Net Assets |  |  |  |  |
| Unrestricted | 1,402,342 | - | - | 1,402,342 |
| Temporarily restricted | - | 1,268,764 | - | 1,268,764 |
| Permanently restricted | - | - | 15,973 | 15,973 |
| Total changes in net assets | 1,402,342 | 1,268,764 | 15,973 | 2,687,079 |
| Balance, December 31, 2005 | 29,148,972 | 6,181,618 | 96,684 | 35,427,274 |
| Changes in Net Assets |  |  |  |  |
| Unrestricted | 2,433,745 | - | - | 2,433,745 |
| Temporarily restricted |  | $(487,694)$ | - | $(487,694)$ |
| Permanently restricted | - | - | 15,392 | 15,392 |
| Total changes in net assets | 2,433,745 | $(487,694)$ | 15,392 | 1,961,443 |
| Balance, December 31, 2006 | \$31,582,717 | \$ 5,693,924 | \$ 112,076 | \$37,388,717 |

See accompanying notes to consolidated financial statements.

# Bethany Christian Services (a not-for-profit corporation) 

## Consolidated Statements of Cash Flows

Year ended December 31, 2006 2005

## Operating Activities

Changes in net assets
Adjustments to reconcile changes in net assets to net cash from operating activities:
Depreciation
718,626 599,918
Amortization of intangible asset from pension plan
Effect of implementation of FASB Statement No. 158
Unrealized loss (gain) on investments
Gain from sale of investments
Loss on disposal of equipment
Earnings in unconsolidated investment
Net present value adjustment of annuities payable
Changes in assets and liabilities:
Accounts receivable
\$ 1,961,443 \$ 2,687,079

Prepaid expense
Deposits
Accounts payable and accrued expenses
Employee compensation and benefits
Deferred adoption fees
271,330
81,400
2,033,041 -
$\begin{array}{cc}\mathbf{( 5 3 1 , 3 8 8 )} & 851,258 \\ \mathbf{( 1 , 0 9 9 , 0 9 7 )} & (514,593) \\ \mathbf{5 0 , 7 6 3} & 5,469 \\ \mathbf{( 3 9 , 6 4 3 )} & (11,531) \\ \mathbf{( 3 7 , 8 7 4 )} & 22,000\end{array}$

Additional minimum pension liability
528,364 (1,002,878)

Add_

| Net Cash From Operating Activities | $\mathbf{3 , 5 0 9 , 2 1 7}$ | $4,378,069$ |
| :--- | :--- | :--- |

## Investing Activities

| Additions to property and equipment | $\mathbf{( 1 , 7 5 4 , 2 3 4 )}$ | $(4,080,213)$ |
| :--- | ---: | ---: |
| Purchase of investments | $\mathbf{( 1 0 , 7 1 6 , 4 4 3 )}$ | $(6,035,765)$ |
| Proceeds from sale of investments | $\mathbf{9 , 2 6 6 , 4 6 0}$ | $5,313,661$ |
| Investments in unconsolidated affiliate | - | $(802,060)$ |
| Distributions from unconsolidated affiliate | $\mathbf{5 1 , 0 0 0}$ | 20,000 |

Net Cash for Investing Activities
$(3,153,217) \quad(5,584,377)$

# Bethany Christian Services <br> (a not-for-profit corporation) 

Financing Activities

| Decrease in campaign pledges receivable | \$ | 568,441 | \$ 1,247,934 |
| :---: | :---: | :---: | :---: |
| Decrease in annuities payable |  | $(150,211)$ | $(44,000)$ |
| Proceeds from issuance of long-term debt |  |  | 575,000 |
| Principal payments on long-term debt |  | $(62,021)$ | $(47,911)$ |
| Net Cash From Financing Activities |  | 356,209 | 1,731,023 |
| Net Increase in Cash and Cash Equivalents |  | 712,209 | 524,715 |
| Cash and Cash Equivalents, beginning of year |  | 4,751,460 | 4,226,745 |
| Cash and Cash Equivalents, end of year | \$ | 5,463,669 | \$ 4,751,460 |

Supplemental Disclosure of Cash Flow Information
Cash paid during the year for interest $\quad \$ \quad \mathbf{1 2 2 , 4 5 1} \quad \$ \quad 134,030$
See accompanying notes to consolidated financial statements.

# Bethany Christian Services (a not-for-profit corporation) 

Notes to Consolidated Financial Statements

## 1. Organization

Bethany Christian Services and its subsidiaries (Organization) are not-for-profit corporations described in Internal Revenue Code Section 501(c)(3), exempt from taxation under Sections 501(a) and 509(a)(3) of the Internal Revenue Code. Bethany Christian Services is the sole member of the subsidiaries. The Organization operates a child placement agency and provides such services as foster care, pregnancy counseling, adoptive services and other related social services as may be appropriate in stabilizing and/or improving human relationships and conditions. Currently, these services are provided in 30 home offices in 30 states. Approximately $47 \%$ and $50 \%$ of operating revenue in 2006 and 2005, respectively, was derived from services provided under contract with governmental units.

## 2. Summary of Significant Accounting Policies

## Consolidated Financial Statements

The consolidated financial statements include the accounts of Bethany Christian Services and its subsidiaries. All significant inter-organization accounts and transactions have been eliminated in consolidation except for the due from/to other funds accounts on the consolidated statements of financial position related to building construction.

## Comparative Financial Information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2005, from which the summarized information was derived.

## 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 may differ from those estimates.

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

## Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit with banks, and other highly liquid investments with an original maturity of three months or less.

## Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

## Concentrations of Credit Risk

The Organization maintains its cash accounts in national banks and does not consider there to be a significant credit risk arising from deposits in excess of federally insured limits.

## Advertising

The Organization expenses advertising costs as incurred. Advertising expenses amounted to $\$ 1,349,853$ and $\$ 1,486,231$ in 2006 and 2005, respectively.

## Property and Equipment

Tangible assets having a useful life in excess of one year, with cost in excess of $\$ 5,000$, are capitalized. Property and equipment are recorded at cost, except for donated items which are recorded at fair market value as of the date of receipt. Expenses for maintenance and repairs are charged to expense as incurred. Depreciation is computed by the straight line method based on the following estimated useful lives of the related assets:

Years

$$
\text { Buildings } 40
$$

Land improvements ..... 20
Furniture and fixtures ..... 10
Machinery and equipment ..... 3-6
Vehicles ..... 3

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

## Health Insurance Benefits

Health insurance benefits for employees are funded by the Organization up to the stoploss limits provided for in an agreement with its insurance carrier. The Organization is insured for amounts in excess of these limits. Operations are charged with the cost of the claims reported, and a provision has been made for reported but unpaid claims and claims incurred but not reported at year end.

## Basis of Presentation

Net assets of the Organization and changes therein are classified and reported as follows:
Unrestricted Net Assets - Net assets which are not subject to donor-imposed stipulations.
Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that should be met either by actions of the Organization and/or the passage of time. Net assets are temporarily restricted mainly for construction projects.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization.

Revenues, adoption fees, contributions, and investment income are reported as follows:

- Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Temporarily restricted contributions whose restrictions are satisfied in the same year in which the contribution revenue is recorded are reported as unrestricted contributions.
- The fee for domestic and international adoption services is billed at the time the home study is complete. The Organization's policy is to recognize a portion of the fee at the time of home study completion, a portion at the time of placement, and the remainder when the adoption is closed. Deferred adoption fees represent fees billed to prospective parents and collected in advance of providing these services.


# Bethany Christian Services (a not-for-profit corporation) 

Notes to Consolidated Financial Statements

- Prospective parents involved in the domestic and international adoption process are charged a fee for services which consists of the home study, placement of the child, and supervision during the post-placement probationary time period. The international adoption process also includes fees charged by the Organization for acting as a liaison with the international agency.
- Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund raising activity.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended December 31, 2006 and 2005, contributed services and materials amounted to $\$ 364,930$ and $\$ 348,337$, respectively.

## 3. Investments

Investments consist of marketable securities. Investments are carried at fair value based on quoted market prices as of the balance sheet date and are summarized as follows:

December 31,

$$
2006
$$

| Stocks | $\mathbf{\$ 1 6 , 5 8 7 , 2 3 0}$ | $\$ 13,940,595$ |
| :--- | ---: | ---: |
| Bonds and notes | $\mathbf{6 , 9 7 0 , 6 9 7}$ | $7,165,400$ |
| Mutual funds | $\mathbf{1 , 4 9 8 , 5 0 1}$ | 399,773 |
| Annuities | $\mathbf{1 , 5 4 5 , 5 1 5}$ | $2,015,707$ |
|  |  |  |
|  | $\mathbf{\$ 2 6 , 6 0 1 , 9 4 3}$ | $\$ 23,521,475$ |

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

## 4. Campaign Pledges Receivable

In 2001, the Organization began a $\$ 30.2$ million campaign fund drive, the goals of which are to raise $\$ 6.2$ million for facilities and $\$ 24$ million for the Children's Fund. The Board of Directors gave contributors the option of designating their gifts either for facilities or the Children's Fund. Contributions made by donors who did not designate their contribution are assumed to have been made for facilities until the facilities goal has been obtained. The discount rate used on long-term promises to give was $7 \%$ in 2006 and $6 \%$ in 2005.

Unconditional promises to give consists of the following:

| December 31, | $\mathbf{2 0 0 6}$ | 2005 |  |  |
| :--- | ---: | ---: | ---: | ---: |
|  |  |  |  |  |
| Receivable due in less than one year | $\mathbf{\$}$ | $\mathbf{4 6 2 , 5 8 7}$ | $\$$ | 915,148 |
| Receivable due in one to four years |  | $\mathbf{3 3 1 , 5 5 7}$ | 435,429 |  |
|  |  | $\mathbf{7 9 4 , 1 4 4}$ | $1,350,577$ |  |
| Gross unconditional promises to give | $\mathbf{2 6 , 8 0 6}$ | 14,798 |  |  |
| Less: discounts to net present value | $\mathbf{\$}$ | $\mathbf{7 6 7 , 3 3 8}$ | $\$ 1,335,779$ |  |
|  |  |  |  |  |

## 5. Line of Credit

The Organization has a line of credit agreement which permits borrowings up to $\$ 2,000,000$ and bears interest at $3 / 4 \%$ below the prime rate, effectively $7.5 \%$ and $6.5 \%$ at December 31, 2006 and 2005, respectively. At December 31, 2006 and 2005, there were no amounts outstanding under the line of credit agreement.

## 6. Annuities Payable

Donors may transfer assets to the Organization in exchange for the right to receive a predetermined return during their lifetime (an annuity). A portion of the transfer is considered to be a charitable contribution for income tax purposes. Upon receipt of the transfer, the Organization records a liability for the annuity payable at the present value of future payments based on life expectancy and current interest rates. The difference between the liability recognized for the annuity and the amount of the transfer is

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

recognized as unrestricted contribution income at the date of the gift unless the gift portion is restricted. Annuity payments are charged against the liability, which at the end of each fiscal year is adjusted to the present value of future payments based on life expectancy and the applicable discount rate as published by the Internal Revenue Service. Discount rates of $4.8 \%$ per annum were used in 2006 and 2005. The resulting adjustments of approximately $\$ 38,000$ and $\$ 22,000$ were made to investment income in the statements of activities for the years ended December 31, 2006 and 2005, respectively.

## 7. Notes Payable

Long-term debt consists of a $\$ 195,825$ note payable, secured by a mortgage, to an individual with payments due in monthly installments of $\$ 4,004$, including interest, with a final payment due December 31, 2011. Interest accrues at $8.35 \%$.

Long-term debt also consists of a $\$ 523,256$ note payable, secured by a mortgage, to a company with payments due in monthly installments ranging from $\$ 6,333$ to $\$ 6,849$, including interest, and final balloon payment due May 1, 2010; at that time the Organization will initiate a sale/lease back transaction. Interest accrues at $8.0 \%$. Under the terms of the mortgage, the mortgagor has the option to repurchase the mortgaged real estate on the five year anniversary date of the closing date of the transaction for the then current balance of principal and accrued and unpaid interest.

Future scheduled maturities of long-term debt are as follows:
Year ending December 31,

| 2007 | $\$ 70,663$ |
| :--- | ---: |
| 2008 | 78,671 |
| 2009 | 86,997 |
| 2010 | 405,094 |
| 2011 | 77,656 |

2008
2009
2010
77,656

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

## 8. Employee Benefit Plans

The Organization has a non-contributory defined benefit pension plan (Plan) covering substantially all full-time employees. The benefits are based on years of service and compensation. Plan assets consist principally of common stocks and U.S. Government and corporate obligations.

In September 2006, the FASB issued Statement No. 158, Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans. Statement No. 158 requires the Organization to recognize the funded status of its pension and retiree health care plans as a prepaid asset or accrued liability, and to disclose as part of net assets the net deferred and unrecognized gains and losses related to the plans. Previously, the net deferred and unrecognized gains and losses were netted in the prepaid asset or accrued liability recorded for the retirement plans, and an additional minimum liability and an intangible asset were recorded for certain pension plans. The Organization is required to adopt the recognition and disclosure provisions of Statement No. 158 for its year ending December 31, 2007. However, the Organization decided to early adopt the recognition and disclosure provisions of Statement No. 158 as of December 31, 2006.

Although the actuarial valuation of the retirement plan obligations at year end has not yet been completed, and the fair value of retirement plan assets is subject to change based on market fluctuations through December 31, 2006, the Organization estimated that the implementation of Statement No. 158 resulted in an additional liability for retirement plans and a reduction in unrestricted net assets of about $\$ 2,033,041$.

The benefit obligations of the retirement plan exceed the value of the plan assets at December 31, 2006 and 2005. This difference represents the "Funded Status" of the plan. The amount that the plan is underfunded decreased from December 31, 2005 to December 31, 2006. This is due, in part, to an increase in the fair market value of the plan assets. The discount rate used in determining the net periodic benefit cost also increased in 2006, resulting in a decrease in the benefit obligations as determined by the Organization's actuary. In addition, Bethany Christian Services increased the contribution to the plan in 2006.

As a result of the under-funded benefit obligations, the Organization recorded a liability for pension benefits and accrued pension cost. The combination of these two liabilities constitutes the "Funded" or "Under-funded" status of the plan.

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

Financial information regarding the Plan is as follows:
December 31,

| Obligation and Funded Status |  |  |
| :--- | ---: | ---: |
| Benefit obligation | $\mathbf{\$ ( 1 6 , 7 3 6 , 0 2 7 )}$ | $\$(15,511,639)$ <br> 9,905,669 |
| Plan assets at fair value | $\mathbf{1 2 , 4 3 0 , 6 4 6}$ |  |
|  | $\mathbf{( 4 , 3 0 5 , 3 8 1 )}$ | $\$(5,605,970)$ |
| Under-Funded Status |  |  |

The components of the Under-funded Status are as follows:
December 31,
2006
2005

| Unrecognized prior service cost | $\mathbf{\$}$ | $\mathbf{1 8 9 , 9 3 0}$ | $\$$ |
| :--- | ---: | ---: | ---: |
| Unrecognized net loss |  | $\mathbf{3 , 3 4 3 , 9 9 7}$ |  |
| Accrued pension cost | $\mathbf{7 7 1 , 4 5 4}$ |  | 797,330 |

Under-Funded Status $\quad \$ \quad 4,305,381 \quad \$ \quad 5,605,970$

The following table shows the components of net periodic pension cost for the current and prior fiscal years.

| Year ended December 31, | $\mathbf{2 0 0 6}$ | 2005 |  |
| :--- | ---: | ---: | ---: |
|  |  |  |  |
| Net Periodic Pension Cost | $\mathbf{\$ 1 , 1 1 0 , 7 1 5}$ | $\$$ | $1,045,799$ |
| Service cost | $\mathbf{9 2 8 , 0 7 8}$ | 825,270 |  |
| Interest cost | $\mathbf{( 8 2 2 , 6 8 8}$ | $\mathbf{-}$ | $(716,267)$ |
| Expected return on assets | $\mathbf{8 1 , 4 0 0}$ | - |  |
| Amortization of transition obligation | $\mathbf{3 8 9 , 2 2 1}$ | 31,400 |  |
| Amortization of prior service cost |  |  |  |
| Amortization of loss | $\mathbf{1 , 6 8 6 , 7 2 6}$ | $\$$ | $1,583,881$ |
|  |  |  |  |

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

The accumulated benefit obligation was $\$ 14,892,913$ and $\$ 13,727,482$ at the measurement dates of December 31, 2006 and 2005, respectively.

| Year ended December 31, | $\mathbf{2 0 0 6}$ | 2005 |  |
| :--- | ---: | ---: | ---: |
|  |  |  |  |
| Additional Information | $\mathbf{\$ 1 , 7 1 2 , 6 5 4}$ | $\$$ | $1,061,374$ |
| Employer contributions | $\mathbf{3 5 9 , 7 2 9}$ | 282,188 |  |
| Benefits paid | $\mathbf{1 , 6 8 6 , 7 2 6}$ | $1,583,881$ |  |
| Benefit cost | $\mathbf{( 7 7 1 , 4 5 4 )}$ | $(797,382)$ |  |
| Accrued pension cost (included in current liabilities) |  |  |  |

$$
2006
$$

## Assumptions

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

| Discount rate | $\mathbf{6 . 0 \%}$ | $6.0 \%$ |
| :--- | :--- | :--- |
| Expected return on plan assets | $\mathbf{8 . 0 \%}$ | $8.0 \%$ |
| Rate of compensation increase | $\mathbf{3 . 5 \%}$ | $3.5 \%$ |

Weighted-average assumptions used to determine benefit obligation at December 31:

| Discount rate | $\mathbf{6 . 2 5 \%}$ | $6.0 \%$ |
| :--- | ---: | ---: |
| Rate of compensation increase | $\mathbf{3 . 5 \%}$ | $3.5 \%$ |

The expected rate of return assumption was selected as an estimate of anticipated future long-term rates of return on Plan assets as measured on a market value basis. Factors considered in making this selection include (a) historical long-term rates of return for broad asset classes, (b) actual past rates of return achieved by the Plan, (c) the general mix of assets held by the Plan and (d) the stated investment policy for the Plan. The selected rate of return is net of anticipated investment-related expenses.

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Plan Assets

The Plan's assets are as follows:

| Year ended December 31, | $\mathbf{2 0 0 6}$ | 2005 |
| :--- | ---: | ---: |
|  |  |  |
| Common stocks | $\mathbf{\$ 4 , 5 2 2 , 1 0 0}$ | $\$ 3,452,930$ |
| Corporate bonds | $\mathbf{2 , 8 7 1 , 6 2 6}$ | $2,503,569$ |
| U.S. government securities | $\mathbf{1 , 0 1 4 , 7 8 3}$ | 671,141 |
| Money market fund | $\mathbf{9 4 4 , 8 0 2}$ | 315,019 |
| Mutual funds | $\mathbf{3 , 0 7 7 , 3 3 5}$ | $2,963,010$ |
|  | $\mathbf{\$ 1 2 , 4 3 0 , 6 4 6}$ | $\$ 9,905,669$ |
| Total |  |  |

The Organization's investment policy for Plan assets is to emphasize principal growth and subsequent income versus current income. Year-to-year volatility in the value of the principal is of minor concern given the Organization's long-term time horizon. The Organization is most interested in maximizing principal and income, after the effects of inflation, over the long run. Target asset allocation percentages are as follows:

Year ended December 31, 2006
Short term cash/money market
0\% - 10\%
Fixed income
30\%-60\%
Common stocks
30\% - 70\%

The remainder of this page intentionally left blank.

# Bethany Christian Services <br> (a not-for-profit corporation) 

Notes to Consolidated Financial Statements

## Cash Flows

The Organization expects to contribute $\$ 1,500,000$ to the Plan in 2007. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

## Year ending December 31,

2007 \$ 419,000
2008 643,000
2009 760,000
2010 814,000
2011
905,000
2012-2016 6,279,000

The Organization also maintains a deferred compensation plan qualified under Section 403(b) of the Internal Revenue Code. The Organization accounts for this plan under the pay as you go method and makes only annually determined discretionary matching contributions. Under this plan, eligible employees are permitted to contribute up to $20 \%$ of annual compensation into the retirement plan (except to the extent a larger amount is permitted under the exclusion allowance) up to the maximum dollar amount determined by the Internal Revenue Code. The Organization matches employee contributions for employees with at least two years of service. The Organization determines the matching contribution formula on a year-by-year basis. Historically, the Organization has matched $\$ .20$ to $\$ .40$ per $\$ 1.00$ contributed, prorated based on years of service. Matching contributions do not exceed $6 \%$ of an employee's income. Discretionary contributions to the plan for the years ended December 31, 2006 and 2005 were $\$ 98,248$ and $\$ 90,193$, respectively.

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# Bethany Christian Services (a not-for-profit corporation) 

Notes to Consolidated Financial Statements

## 9. Lease Commitments

The Organization leases office space and automobiles under noncancelable operating leases. Minimum rental commitments as of December 31, 2006, for these leases are as follows:

Year ending December 31,

| 2007 | $\$ 1,636,952$ |
| :--- | ---: |
| 2008 | $1,215,606$ |
| 2009 | 748,755 |
| 2010 | 524,960 |
| 2011 | 332,418 |

\$4,458,691

Total rent expense was $\$ 1,826,317$ and $\$ 1,693,456$ for 2006 and 2005, respectively.

## 10. Commitments and Contingencies

The Organization is subject to several legal proceedings arising in connection with the operation of its business. The amount of any liability which might exist cannot reasonably be estimated and a provision for loss has not been made in the accompanying consolidated financial statements. It is management's opinion that the ultimate resolution of the aforementioned claims will not have a material adverse effect on the Organization's consolidated financial position or results of operations.

Pursuant to an agreement with a bank, the Organization issued loan guarantees during 2006 and 2005 to the bank on behalf of adopting parents. Under the loan guarantee program, prospective parents enter into two-year loan agreements with the bank for certain adoption expenses. The bank disburses the funds directly to the Organization. The Organization is required to pay off the loans to the bank if the adopting parents fail to repay the loan within 90 days of the maturity date. The maximum potential amount of unrecorded guarantees is $\$ 2,217,013$ and $\$ 2,036,965$ at December 31, 2006 and 2005, respectively. Although management does not anticipate incurring material losses on these guarantees, a provision for possible losses was $\$ 40,000$ at December 31, 2006 and 2005.

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Notes to Consolidated Financial Statements

## 11. Investment in Unconsolidated Affiliate

During 2005, the Organization purchased a $40 \%$ minority interest in a limited liability company for $\$ 802,060$. This investment is accounted for using the equity method of accounting. The Organization recognized income of $\$ 39,643$ and $\$ 11,531$ and a distribution of $\$ 51,000$ and $\$ 20,000$ for the years ended December 31, 2006 and 2005, respectively.

## Supplemental Material

## Independent Auditors' Report on Supplemental Material

Our audits of the basic consolidated financial statements included in the preceding section of this report were performed for the purpose of forming an opinion on those statements taken as a whole. The supplemental material presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. This supplemental material is the responsibility of the Organization's management. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.


Grand Rapids, Michigan
March 23, 2007

| December 31, 2006 | Total |  | Arkansas |  | California, <br> Northern |  | California, Southern |  |  | Colorado |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Assets |  |  |  |  |  |  |  |  |  |  |
| Current assets |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | \$ | 5,463,669 | \$ | 901 | \$ | 9,982 | \$ | 26,402 | \$ | 10,306 |
| Investments |  | 26,601,943 |  | 472,629 |  | 600,359 |  | 35,865 |  | 605,976 |
| Accounts receivable, net |  | 6,097,257 |  | 1,350 |  | 48,691 |  | 41,441 |  | 119,482 |
| Campaign pledges receivable |  | 462,587 |  | - |  | 136,456 |  | - |  | - |
| Prepaid expenses |  | 228,009 |  | 2,351 |  | 5,911 |  | 16,635 |  | 4,214 |
| Due from other funds |  | 4,703,151 |  | - |  | 409,573 |  | - |  | - |
| Total current assets |  | 43,556,616 |  | 477,231 |  | 1,210,972 |  | 120,343 |  | 739,978 |
| Property and equipment |  |  |  |  |  |  |  |  |  |  |
| Land and land improvements |  | 1,578,361 |  | - |  | 43,667 |  | - |  | - |
| Buildings and improvements |  | 11,577,547 |  | - |  | 298,003 |  | - |  | 1,750 |
| Furniture and equipment |  | 4,327,318 |  | 5,787 |  | 55,340 |  | 5,182 |  | 6,415 |
| Vehicles |  | 133,602 |  | - |  | 19,000 |  | - |  | - |
| Construction in progress |  | 1,038,839 |  | - |  | 732,403 |  | - |  | - |
|  |  | 18,655,667 |  | 5,787 |  | 1,148,413 |  | 5,182 |  | 8,165 |
| Less accumulated depreciation |  | 7,364,954 |  | 5,787 |  | 247,640 |  | 5,182 |  | 6,924 |
| Net property and equipment |  | 11,290,713 |  | - |  | 900,773 |  | - |  | 1,241 |
| Other assets |  |  |  |  |  |  |  |  |  |  |
| Campaign pledges receivable |  | 304,751 |  | - |  | 69,556 |  | - |  | - |
| Investment in unconsolidated affiliate |  | 782,234 |  | - |  | - |  | - |  | - |
| Deposits |  | 94,578 |  | - |  | 6,085 |  | 5,371 |  | 1,600 |
| Total other assets |  | 1,181,563 |  | - |  | 75,641 |  | 5,371 |  | 1,600 |
| Total Assets | \$ | 56,028,892 | \$ | 477,231 | \$ | 2,187,386 | \$ | 125,714 | \$ | 742,819 |

## Liabilities and Net Assets

Liabilities

| Accounts payable and accrued expenses | \$ | 1,982,960 | \$ | 144,949 | \$ | 6,372 | \$ | 3,11940,197 | \$ | $\begin{aligned} & 49,365 \\ & 55,893 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Employee compensation and benefits |  | 3,488,200 |  | 23,789 |  | 93,117 |  |  |  |  |
| Deferred adoption fees |  | 3,385,555 |  | 5,400 |  | 58,265 |  | 12,600 |  | 6,000 |
| Due to other funds |  | 4,703,151 |  | - |  | 409,573 |  | - |  | - |
| Current maturities of long-term notes payable |  | 70,663 |  | - |  | - |  | - |  | - |
| Other liabilities |  | 455,093 |  | - |  | - |  | - |  | - |
| Total current liabilities |  | 14,085,622 |  | 174,138 |  | 567,327 |  | 55,916 |  | 111,258 |
| Long-term liabilities: |  |  |  |  |  |  |  |  |  |  |
| Long-term notes payable, less current maturities |  | 648,418 |  | - |  | - |  | - |  | - |
| Annuities payable |  | 372,208 |  | - |  | - |  | - |  | - |
| Additional minimum pension liability |  | 3,533,927 |  | 27,856 |  | 74,660 |  | 57,704 |  | 58,030 |
| Total long-term liabilities |  | 4,554,553 |  | 27,856 |  | 74,660 |  | 57,704 |  | 58,030 |
| Total Liabilities |  | 18,640,175 |  | 201,994 |  | 641,987 |  | 113,620 |  | 169,288 |
| Net Assets, beginning of year |  | 35,427,274 |  | 164,471 |  | 1,290,827 |  | $(95,113)$ |  | 497,679 |
| Equity Transfers |  | - |  | - |  | - |  | - |  | - |
| Change in net assets |  | 1,961,443 |  | 110,766 |  | 254,572 |  | 107,207 |  | 75,852 |
| Net Assets, end of year |  | 37,388,717 |  | 275,237 |  | 1,545,399 |  | 12,094 |  | 573,531 |
| Total Liabilities and Net Assets | \$ | 56,028,892 | \$ | 477,231 | \$ | 2,187,386 | \$ | 125,714 | \$ | 742,819 |

# Bethany Christian Services <br> (a not-for-profit corporation) 

| Florida | Georgia | Illinois | Indiana |
| :---: | :---: | ---: | ---: | | Iowa, |
| ---: |
| Northwest | | Iowa, |
| ---: |
| South Central |


| $\$$ | 2,722 | $\$ 28,100$ | $\$$ | $(83,764)$ | $\$$ | 16,853 | $\$$ |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
|  | \$ | 18,029 | $\$$ | 9,094 |  |  |  |
|  | 21,388 | $2,002,736$ | - | 642,419 | 230,227 | 567,434 |  |
| 39,540 | 663,813 | 82,055 | 258,251 | 50,839 | 146,835 |  |  |
|  | - | - | - | - | - | - |  |
|  | 1,971 | 12,724 | - | 6,192 | 2,200 | 4,643 |  |
|  | - | 97,000 | - | - | - | - |  |
| 65,621 | $2,804,373$ | $(1,709)$ | 923,715 | 301,295 | 728,006 |  |  |


| - | - | 81,000 | - | - | - |
| ---: | ---: | ---: | ---: | ---: | ---: |
| - | 93,950 | 534,000 | - | - | - |
| - | 37,524 | 97,722 | 11,308 | 11,605 | 15,375 |
| - | 53,980 | - | - | - | - |
| - | - | - | - | - | - |
| - | 185,454 | 712,722 | 11,308 | 11,605 | 15,375 |
| - | 28,176 | 87,762 | 2,042 | 1,999 | 8,074 |
| - | 157,278 | 624,960 | 9,266 | 9,606 | 7,301 |


| - | - | - | - | - | - |  |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: |
|  | - | 782,234 | - | - | - | - |
| 2,085 | 1,090 | - | - | -000 |  |  |
|  | 2,085 | 783,324 | - | - | - | 2,000 |
| $\$$ | 67,706 | $\$$ | $3,744,975$ | $\$$ | 623,251 | $\$$ |


| \$ | $(1,068)$ | \$ | 146,689 | \$ | 20,123 | \$ | 4,175 | \$ | (8) | \$ | 19,898 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 21,287 |  | 231,149 |  | 79,562 |  | 114,283 |  | 43,702 |  | 43,687 |
|  | 5,100 |  | 90,070 |  | 10,800 |  | 35,250 |  | 15,135 |  | 46,830 |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | - |  | - |  | 37,731 |  | - |  | - |  |  |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | 25,319 |  | 467,908 |  | 148,216 |  | 153,708 |  | 58,829 |  | 110,415 |
|  | - |  | - |  | 485,523 |  | - |  | - |  | - |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | 15,551 |  | 194,398 |  | 96,972 |  | 82,392 |  | 44,306 |  | 36,343 |
|  | 15,551 |  | 194,398 |  | 582,495 |  | 82,392 |  | 44,306 |  | 36,343 |
|  | 40,870 |  | 662,306 |  | 730,711 |  | 236,100 |  | 103,135 |  | 146,758 |
|  | 25,704 |  | 3,300,190 |  | 65,359 |  | 697,771 |  | 328,072 |  | 660,208 |
|  | - |  | - |  | - |  | - |  | $(82,206)$ |  | - |
|  | 1,132 |  | $(217,521)$ |  | $(172,819)$ |  | (890) |  | $(38,100)$ |  | $(69,659)$ |
|  | 26,836 |  | 3,082,669 |  | $(107,460)$ |  | 696,881 |  | 207,766 |  | 590,549 |
| \$ | 67,706 | \$ | 3,744,975 | \$ | 623,251 | \$ | 932,981 | \$ | 310,901 | \$ | 737,307 |

December 31, $2006 \quad$ Maryland $\quad$ Michigan $\quad$ Minnesota $\quad$ Mississippi $\quad$ Missouri

## Assets

Current assets

| Cash and cash equivalents | \$ | 3,215 | \$ | 493,070 | \$ | 4,707 | \$ | 7,729 | \$ | 1,540 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Investments |  | 483,015 |  | 6,415,681 |  | 204,149 |  | 843,151 |  | 192,371 |
| Accounts receivable, net |  | 34,914 |  | 2,610,121 |  | 117,495 |  | 8,698 |  | 38,314 |
| Campaign pledges receivable |  | - |  | 135,271 |  | - |  | - |  | - |
| Prepaid expenses |  | 3,918 |  | 19,089 |  | 5,322 |  | 2,434 |  | 2,919 |
| Due from other funds |  | - |  | - |  | - |  | - |  | - |
| Total current assets |  | 525,062 |  | 9,673,232 |  | 331,673 |  | 862,012 |  | 235,144 |
| Property and equipment |  |  |  |  |  |  |  |  |  |  |
| Land and land improvements |  | - |  | 615,826 |  | - |  | - |  | - |
| Buildings and improvements |  | - |  | 5,266,774 |  | - |  | - |  | - |
| Furniture and equipment |  | - |  | 1,096,557 |  | - |  | 8,156 |  | - |
| Vehicles |  | - |  | 43,325 |  | - |  | - |  | - |
| Construction in progress |  | - |  | 180,118 |  | - |  | - |  | - |
|  |  | - |  | 7,202,600 |  | - |  | 8,156 |  | - |
| Less accumulated depreciation |  | - |  | 3,874,453 |  | - |  | 8,156 |  | - |
| Net property and equipment |  | - |  | 3,328,147 |  | - |  | - |  | - |
| Other assets |  |  |  |  |  |  |  |  |  |  |
| Campaign pledges receivable |  | - |  | 119,197 |  | - |  | - |  | - |
| Investment in unconsolidated affiliate |  | - |  | - |  | - |  | - |  | - |
| Deposits |  | 2,898 |  | 10,255 |  | 434 |  | - |  | 2,485 |
| Total other assets |  | 2,898 |  | 129,452 |  | 434 |  | - |  | 2,485 |
| Total Assets | \$ | 527,960 | \$ | 13,130,831 | \$ | 332,107 | \$ | 862,012 | \$ | 237,629 |

Liabilities and Net Assets
Liabilities

| Accounts payable and accrued expenses | \$ | 1,636 | \$ | 265,378 | \$ | 3,556 | \$ | 240 | \$ | $(3,036)$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Employee compensation and benefits |  | 37,540 |  | 1,204,300 |  | 29,692 |  | 46,952 |  | 31,372 |
| Deferred adoption fees |  | 10,800 |  | 134,960 |  | 12,307 |  | 7,740 |  | 7,527 |
| Due to other funds |  | - |  | - |  | - |  | - |  | - |
| Current maturities of long-term notes payable |  | - |  | 32,932 |  | - |  | - |  | - |
| Other liabilities |  | - |  | 455,093 |  | - |  | - |  | - |
| Total current liabilities |  | 49,976 |  | 2,092,663 |  | 45,555 |  | 54,932 |  | 35,863 |
| Long-term liabilities: |  |  |  |  |  |  |  |  |  |  |
| Long-term notes payable, less current maturities |  | - |  | 162,895 |  | - |  | - |  | - |
| Annuities payable |  | - |  | - |  | - |  | - |  | - |
| Additional minimum pension liability |  | 44,645 |  | 1,324,484 |  | 29,154 |  | 41,700 |  | 30,368 |
| Total long-term liabilities |  | 44,645 |  | 1,487,379 |  | 29,154 |  | 41,700 |  | 30,368 |
| Total Liabilities |  | 94,621 |  | 3,580,042 |  | 74,709 |  | 96,632 |  | 66,231 |
| Net Assets, beginning of year |  | 405,270 |  | 8,606,120 |  | 271,163 |  | 622,102 |  | 172,146 |
| Equity Transfers |  | - |  | - |  | - |  | - |  | - |
| Change in net assets |  | 28,069 |  | 944,669 |  | $(13,765)$ |  | 143,278 |  | (748) |
| Net Assets, end of year |  | 433,339 |  | 9,550,789 |  | 257,398 |  | 765,380 |  | 171,398 |
| Total Liabilities and Net Assets | \$ | 527,960 | \$ | 13,130,831 | \$ | 332,107 | \$ | 862,012 | \$ | 237,629 |

# Bethany Christian Services <br> (a not-for-profit corporation) 

|  | New <br> England |  | New <br> Jersey |  | North Carolina | Pennsylvania, Central |  | Pennsylvania, GDV |  | Pennsylvania, Western |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 2,316 | \$ | 8,839 | \$ | 3,001 | \$ | 11,048 | \$ | 85,079 | \$ | 2,834 |
|  | 34,115 |  | 173,337 |  | 967,177 |  | 235,357 |  | 497,693 |  | 67,949 |
|  | 34,538 |  | 62,269 |  | 22,335 |  | 98,386 |  | 498,938 |  | 83,859 |
|  | - |  | - |  | - |  | - |  | 190,860 |  | - |
|  | 2,663 |  | 4,100 |  | 3,800 |  | 3,355 |  | 11,624 |  | 2,928 |
|  | - |  | 1,550 |  | - |  | - |  | 146,986 |  | - |
|  | 73,632 |  | 250,095 |  | 996,313 |  | 348,146 |  | 1,431,180 |  | 157,570 |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | - |  | - |  | 1,644 |  | - |  | 11,329 |  | - |
|  | - |  | 10,495 |  | 6,164 |  | 23,961 |  | 41,050 |  | 11,055 |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  |  |  | - |  | - |  | - |  | - |  | - |
|  | - |  | 10,495 |  | 7,808 |  | 23,961 |  | 52,379 |  | 11,055 |
|  | - |  | 1,749 |  | 1,861 |  | 23,933 |  | 22,973 |  | 2,303 |
|  | - |  | 8,746 |  | 5,947 |  | 28 |  | 29,406 |  | 8,752 |
|  | - |  | - |  | - |  | - |  | 115,998 |  | - |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | 2,414 |  | 9,633 |  | 1,500 |  | 3,524 |  | 14,611 |  | 1,333 |
|  | 2,414 |  | 9,633 |  | 1,500 |  | 3,524 |  | 130,609 |  | 1,333 |
| \$ | 76,046 | \$ | 268,474 | \$ | 1,003,760 | \$ | 351,698 | \$ | 1,591,195 | \$ | 167,655 |


| \$ | 848 | \$ | 1,452 | \$ | 9,978 | \$ | 7,761 | \$ | 165,644 | \$ | 4,460 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 26,717 |  | 32,780 |  | 34,542 |  | 57,703 |  | 168,243 |  | 29,974 |
|  | 17,600 |  | 14,315 |  | 15,600 |  | 20,775 |  | 68,150 |  | 11,700 |
|  | - |  | 1,550 |  | - |  | - |  | 146,986 |  | - |
|  | - |  | - |  | - |  | - |  | - |  |  |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | 45,165 |  | 50,097 |  | 60,120 |  | 86,239 |  | 549,023 |  | 46,134 |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | 31,388 |  | 37,099 |  | 39,416 |  | 45,982 |  | 180,720 |  | 29,267 |
|  | 31,388 |  | 37,099 |  | 39,416 |  | 45,982 |  | 180,720 |  | 29,267 |
|  | 76,553 |  | 87,196 |  | 99,536 |  | 132,221 |  | 729,743 |  | 75,401 |
|  | 618 |  | 260,201 |  | 957,723 |  | 313,227 |  | 653,340 |  | 46,234 |
|  | $(1,125)$ |  |  |  | - |  |  |  | - |  | - |
|  |  |  | $(78,923)$ |  | $(53,499)$ |  | $(93,750)$ |  | 208,112 |  | 46,020 |
|  | (507) |  | 181,278 |  | 904,224 |  | 219,477 |  | 861,452 |  | 92,254 |
| \$ | 76,046 | \$ | 268,474 | \$ | 1,003,760 | \$ | 351,698 | \$ | 1,591,195 | \$ | 167,655 |


| December 31, 2006 |  | $\begin{array}{r} \text { South } \\ \text { Carolina } \\ \hline \end{array}$ | South Dakota, Eastern |  | South Dakota,$\qquad$ |  | Tennessee, <br> Chattanooga |  | Tennessee, <br> Eastern |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Assets |  |  |  |  |  |  |  |  |  |  |
| Current assets |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | \$ | 2,752 | \$ | $(57,793)$ | \$ | (276) | \$ | $(98,837)$ | \$ | 499 |
| Investments |  | 231,839 |  | - |  | 88,064 |  | - |  | 111,719 |
| Accounts receivable, net |  | 14,577 |  | 6,346 |  | 1,289 |  | 18,868 |  | 27,801 |
| Campaign pledges receivable |  | - |  | - |  | - |  | - |  | - |
| Prepaid expenses |  | 4,842 |  | 1,866 |  | 1,027 |  | 1,872 |  | 2,750 |
| Due from other funds |  | - |  | - |  | - |  | - |  | - |
| Total current assets |  | 254,010 |  | $(49,581)$ |  | 90,104 |  | $(78,097)$ |  | 142,769 |
| Property and equipment |  |  |  |  |  |  |  |  |  |  |
| Land and land improvements |  | - |  | - |  | - |  | - |  | - |
| Buildings and improvements |  | - |  | - |  | - |  | 34,847 |  |  |
| Furniture and equipment |  | 13,952 |  | - |  | - |  | - |  | - |
| Vehicles |  | - |  | - |  | - |  | - |  | - |
| Construction in progress |  | - |  | - |  | - |  | - |  | - |
|  |  | 13,952 |  | - |  | - |  | 34,847 |  |  |
| Less accumulated depreciation |  | 13,952 |  | - |  | - |  | 5,826 |  | - |
| Net property and equipment |  | - |  | - |  | - |  | 29,021 |  | - |
| Other assets |  |  |  |  |  |  |  |  |  |  |
| Campaign pledges receivable |  | - |  | - |  | - |  |  |  |  |
| Investment in unconsolidated affiliate |  | - |  | - |  | - |  | - |  | - |
| Deposits |  | 2,500 |  | 1,000 |  | 833 |  | 5,000 |  | 2,000 |
| Total other assets |  | 2,500 |  | 1,000 |  | 833 |  | 5,000 |  | 2,000 |
| Total Assets | \$ | 256,510 | \$ | $(48,581)$ | \$ | 90,937 | \$ | $(44,076)$ | \$ | 144,769 |
| Liabilities and Net Assets |  |  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |  |  |
| Accounts payable and accrued expenses | \$ | 2,267 | \$ | 154 | \$ | 446 | \$ | 4,211 | \$ | 949 |
| Employee compensation and benefits |  | 56,486 |  | 10,112 |  | 7,572 |  | 27,532 |  | 19,677 |
| Deferred adoption fees |  | 44,473 |  | 5,278 |  | 4,150 |  | 4,900 |  | 9,250 |
| Due to other funds |  | - |  | - |  | - |  | - |  | - |
| Current maturities of long-term notes payable |  | - |  | - |  | - |  | - |  | - |
| Other liabilities |  | - |  | - |  | - |  | - |  | - |
| Total current liabilities |  | 103,226 |  | 15,544 |  | 12,168 |  | 36,643 |  | 29,876 |
| Long-term liabilities: |  |  |  |  |  |  |  |  |  |  |
| Long-term notes payable, less current maturities |  | - |  | - |  | - |  | - |  | - |
| Annuities payable |  | - |  | - |  | - |  | - |  | - |
| Additional minimum pension liability |  | 65,249 |  | 11,467 |  | 8,175 |  | 25,232 |  | 19,925 |
| Total long-term liabilities |  | 65,249 |  | 11,467 |  | 8,175 |  | 25,232 |  | 19,925 |
| Total Liabilities |  | 168,475 |  | 27,011 |  | 20,343 |  | 61,875 |  | 49,801 |
| Net Assets, beginning of year |  | 5,644 |  | - |  | - |  | $(118,344)$ |  | 71,795 |
| Equity Transfers |  | - |  | $(62,827)$ |  | 45,033 |  | - |  | - |
| Change in net assets |  | 82,391 |  | $(12,765)$ |  | 25,561 |  | 12,393 |  | 23,173 |
| Net Assets, end of year |  | 88,035 |  | $(75,592)$ |  | 70,594 |  | $(105,951)$ |  | 94,968 |
| Total Liabilities and Net Assets | \$ | 256,510 | \$ | $(48,581)$ | \$ | 90,937 | \$ | $(44,076)$ | \$ | 144,769 |

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Consolidating Statement of Financial Position

|  | Tennessee, Middle |  | Tennessee, Mid-South |  | Virginia, Fairfax |  | Virginia, Hampton Roads |  | Washington |  | Wisconsin |  | International |  | Corporate |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | $(3,010)$ | \$ | 1,018 | \$ | 2,724 | \$ | 2,516 | \$ | 9,646 | \$ | 29,620 | \$ | 32,883 | \$ | 4,879,924 |
|  | - |  | 101,147 |  | 86,823 |  | 361,209 |  | 204,213 |  | 1,080,850 |  | 4,703,398 |  | 4,239,653 |
|  | 73,650 |  | 38,167 |  | 133,902 |  | 56,332 |  | 108,560 |  | 40,130 |  | 312,322 |  | 203,149 |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |
|  | 3,781 |  | 4,100 |  | 6,456 |  | 2,268 |  | 7,242 |  | 4,139 |  | 17,914 |  | 50,759 |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | 4,048,042 |
| 74,421 |  |  | 144,432 |  | 229,905 |  | 422,325 |  | 329,661 |  | 1,154,739 |  | 5,066,517 |  | 13,421,527 |
| - |  |  | - |  | - |  | - |  | - |  | - |  | 57,044 |  | 780,824 |
|  |  |  | - |  | - |  | 6,435 |  | 4,530 |  | - |  | 567,843 |  | 4,756,442 |
| - |  |  | 12,888 |  | 29,182 |  | - |  | 40,514 |  | 12,106 |  | 333,718 |  | 2,441,262 |
| - |  |  | - |  | - |  | - |  | - |  | - |  | - |  | 17,297 |
|  |  |  | - |  | - |  | - |  | - |  | - |  | - |  | 126,318 |
| - |  |  | 12,888 |  | 29,182 |  | 6,435 |  | 45,044 |  | 12,106 |  | 958,605 |  | 8,122,143 |
|  |  |  | 12,888 |  | 15,141 |  | 1,178 |  | 42,006 |  | 2,301 |  | 177,098 |  | 2,765,550 |
| - |  |  | - |  | 14,041 |  | 5,257 |  | 3,038 |  | 9,805 |  | 781,507 |  | 5,356,593 |


|  | 3,021 | 3,325 | 2,242 | 1,809 | 3,780 | 1,750 | - | - |  |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
|  | 3,021 | 3,325 | 2,242 | 1,809 | 3,780 | 1,750 |  | - | - |
| $\$$ | 77,442 | $\$$ | 147,757 | $\$$ | 246,188 | $\$$ | 429,391 | $\$$ | 336,479 |


| \$ | 7,968 | \$ | 822 | \$ | 6,564 | \$ | 7,151 | \$ | 30,621 | \$ | 3,457 | \$ | 891,958 | \$ | 174,861 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 19,951 |  | 42,719 |  | 68,673 |  | 23,534 |  | 63,616 |  | 81,565 |  | 116,006 |  | 504,276 |
|  | 49,082 |  | 10,050 |  | 27,145 |  | 46,650 |  | 94,425 |  | 49,650 |  | 2,433,578 |  | - |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | 4,145,042 |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  |  |
|  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |
|  | 77,001 |  | 53,591 |  | 102,382 |  | 77,335 |  | 188,662 |  | 134,672 |  | 3,441,542 |  | 4,824,179 |



| Year ended December 31, 2006 | Total |  | Arkansas |  | California, Northern |  | California, Southern |  | Colorado |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Operating Revenues |  |  |  |  |  |  |  |  |  |  |
| Contributions | \$ | 11,296,216 | \$ | 241,515 | \$ | 904,958 | \$ | 232,476 | \$ | 100,150 |
| Child support |  | 27,606,227 |  | - |  | 56,000 |  | - |  | 878,374 |
| Service fees |  | 16,557,872 |  | 256,392 |  | 601,270 |  | 501,441 |  | 288,275 |
| Investments and other |  | 4,688,533 |  | 26,953 |  | 87,909 |  | 132,041 |  | 59,299 |
| Total Operating Revenues |  | 60,148,848 |  | 524,860 |  | 1,650,137 |  | 865,958 |  | 1,326,098 |
| Operating Expenses |  |  |  |  |  |  |  |  |  |  |
| Salaries |  | 25,413,821 |  | 174,219 |  | 658,005 |  | 286,046 |  | 352,347 |
| Employee benefits |  | 4,171,022 |  | 24,164 |  | 81,259 |  | 48,518 |  | 54,618 |
| Payroll taxes |  | 1,892,738 |  | 13,057 |  | 49,767 |  | 21,544 |  | 26,601 |
| Professional fees |  | 1,765,456 |  | 6,720 |  | 20,655 |  | 12,037 |  | 36,817 |
| Supplies |  | 550,196 |  | 4,387 |  | 24,569 |  | 5,900 |  | 7,916 |
| Telephone |  | 667,150 |  | 9,212 |  | 13,868 |  | 9,614 |  | 18,003 |
| Postage and shipping |  | 631,432 |  | 6,062 |  | 16,303 |  | 10,297 |  | 8,753 |
| Occupancy |  | 2,904,254 |  | 27,899 |  | 92,586 |  | 80,997 |  | 56,635 |
| Outside printing |  | 676,877 |  | 6,341 |  | 13,310 |  | 8,234 |  | 6,144 |
| Travel and transportation |  | 2,016,627 |  | 11,879 |  | 41,312 |  | 19,186 |  | 35,709 |
| Advertising |  | 1,349,853 |  | 27,058 |  | 31,071 |  | 19,283 |  | 19,570 |
| Special assistance |  | 8,898,410 |  | 16,004 |  | 33,309 |  | 4,415 |  | 441,864 |
| Overseas contributions |  | 798,471 |  | - |  | - |  | - |  | - |
| Miscellaneous |  | 3,699,431 |  | 28,001 |  | 107,174 |  | 131,975 |  | 65,688 |
| Depreciation |  | 718,626 |  |  |  | 12,724 |  | - |  | 40 |
| Support services |  | - |  | 44,666 |  | 149,410 |  | 77,838 |  | 91,633 |
| Total Operating Expenses |  | 56,154,364 |  | 399,669 |  | 1,345,322 |  | 735,884 |  | 1,222,338 |
| Change in Net Assets From |  |  |  |  |  |  |  |  |  |  |
| Nonoperating Expense <br> Effect of implementation of FASB Statement No. 158 |  | $(2,033,041)$ |  | $(14,425)$ |  | $(50,243)$ |  | $(22,867)$ |  | $(27,908)$ |
| Change in Net Assets | \$ | 1,961,443 | \$ | 110,766 | \$ | 254,572 | \$ | 107,207 | \$ | 75,852 |

# Bethany Christian Services <br> (a not-for-profit corporation) 

Consolidating Statement of Activities


| Year ended December 31, 2006 | Maryland |  | Michigan |  | Minnesota |  | Mississippi |  | Missouri |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Operating Revenues |  |  |  |  |  |  |  |  |  |  |
| Contributions | \$ | 280,903 | \$ | 2,604,743 | \$ | 93,232 | \$ | 523,971 | \$ | 126,710 |
| Child support |  | 10,234 |  | 15,112,065 |  | 73,903 |  | - |  | - |
| Service fees |  | 372,955 |  | 2,776,035 |  | 377,681 |  | 234,834 |  | 321,204 |
| Investments and other |  | 57,218 |  | 825,317 |  | 28,125 |  | 70,687 |  | 32,703 |
| Total Operating Revenues |  | 721,310 |  | 21,318,160 |  | 572,941 |  | 829,492 |  | 480,617 |
| Operating Expenses |  |  |  |  |  |  |  |  |  |  |
| Salaries |  | 298,051 |  | 8,732,405 |  | 266,406 |  | 297,980 |  | 207,065 |
| Employee benefits |  | 28,683 |  | 1,427,836 |  | 37,820 |  | 55,886 |  | 38,815 |
| Payroll taxes |  | 22,628 |  | 650,250 |  | 20,026 |  | 22,063 |  | 15,520 |
| Professional fees |  | 14,798 |  | 401,371 |  | 15,369 |  | 27,674 |  | 6,945 |
| Supplies |  | 2,872 |  | 179,013 |  | 4,658 |  | 3,012 |  | 3,939 |
| Telephone |  | 7,123 |  | 117,648 |  | 4,822 |  | 12,282 |  | 8,384 |
| Postage and shipping |  | 7,301 |  | 83,189 |  | 9,429 |  | 10,420 |  | 7,233 |
| Occupancy |  | 54,508 |  | 715,139 |  | 72,832 |  | 36,304 |  | 37,285 |
| Outside printing |  | 7,215 |  | 110,882 |  | 6,276 |  | 13,011 |  | 6,877 |
| Travel and transportation |  | 15,586 |  | 622,570 |  | 17,224 |  | 15,448 |  | 15,866 |
| Advertising |  | 46,251 |  | 170,023 |  | 16,870 |  | 9,901 |  | 17,840 |
| Special assistance |  | 14,072 |  | 3,906,733 |  | 13,222 |  | 39,410 |  | 8,008 |
| Overseas contributions |  |  |  | - |  | - |  | - |  | - |
| Miscellaneous |  | 82,733 |  | 629,051 |  | 16,249 |  | 47,317 |  | 39,631 |
| Depreciation |  |  |  | 253,876 |  | - |  | 138 |  | - |
| Support services |  | 67,635 |  | 1,676,736 |  | 63,200 |  | 72,015 |  | 51,103 |
| Total Operating Expenses |  | 669,456 |  | 19,676,722 |  | 564,403 |  | 662,861 |  | 464,511 |
| Change in Net Assets From |  |  |  |  |  |  |  |  |  | 16,106 |
| Nonoperating Expense <br> Effect of implementation of FASB Statement No. 158 |  | $(23,785)$ |  | $(696,769)$ |  | $(22,303)$ |  | $(23,353)$ |  | $(16,854)$ |
| Change in Net Assets | \$ | 28,069 | \$ | 944,669 | \$ | $(13,765)$ | \$ | 143,278 | \$ | (748) |

# Bethany Christian Services <br> (a not-for-profit corporation) 

Consolidating Statement of Activities

|  | New <br> England |  | $\begin{array}{r} \text { New } \\ \text { Jersey } \end{array}$ |  | North Carolina | Pennsylvania, Central |  | Pennsylvania, GDV |  | Pennsylvania, Western |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 232,249 | \$ | 185,205 | \$ | 143,081 | \$ | 192,313 | \$ | 517,791 | \$ | 131,869 |
|  | 37,729 |  | 6,750 |  | 358,637 |  | 413,498 |  | 2,103,022 |  | 168,022 |
|  | 288,610 |  | 420,688 |  | 384,437 |  | 214,377 |  | 394,232 |  | 242,122 |
|  | 32,679 |  | 49,912 |  | 64,868 |  | 38,638 |  | 124,033 |  | 10,965 |
|  | 591,267 |  | 662,555 |  | 951,023 |  | 858,826 |  | 3,139,078 |  | 552,978 |
|  | 208,260 |  | 360,424 |  | 272,596 |  | 446,261 |  | 1,110,483 |  | 203,730 |
|  | 24,282 |  | 47,441 |  | 46,209 |  | 72,387 |  | 181,814 |  | 36,552 |
|  | 15,613 |  | 27,073 |  | 20,576 |  | 33,251 |  | 83,077 |  | 15,334 |
|  | 110,493 |  | 6,973 |  | 42,308 |  | 9,150 |  | 45,075 |  | 22,122 |
|  | 5,200 |  | 7,526 |  | 4,802 |  | 9,607 |  | 19,737 |  | 7,246 |
|  | 11,011 |  | 6,420 |  | 14,869 |  | 7,843 |  | 27,835 |  | 8,349 |
|  | 6,805 |  | 10,394 |  | 9,593 |  | 8,598 |  | 29,000 |  | 9,997 |
|  | 45,356 |  | 61,722 |  | 49,106 |  | 46,584 |  | 165,270 |  | 33,113 |
|  | 8,641 |  | 9,618 |  | 8,145 |  | 8,870 |  | 20,464 |  | 9,289 |
|  | 22,268 |  | 20,367 |  | 23,819 |  | 25,136 |  | 67,540 |  | 21,711 |
|  | 16,314 |  | 19,682 |  | 46,959 |  | 19,401 |  | 74,397 |  | 21,287 |
|  | 19,434 |  | 31,650 |  | 284,881 |  | 100,208 |  | 627,856 |  | 29,295 |
|  | - |  | - |  | - |  | - |  | - |  | - |
|  | 17,873 |  | 23,006 |  | 76,189 |  | 35,542 |  | 131,371 |  | 19,408 |
|  | - |  | 1,749 |  | 641 |  | 1,285 |  | 6,222 |  | 1,106 |
|  | 63,807 |  | 78,321 |  | 81,791 |  | 92,888 |  | 252,160 |  | 52,578 |
|  | 575,357 |  | 712,366 |  | 982,484 |  | 917,011 |  | 2,842,301 |  | 491,117 |
|  | 15,910 |  | $(49,811)$ |  | $(31,461)$ |  | $(58,185)$ |  | 296,777 |  | 61,861 |
|  | $(17,035)$ |  | $(29,112)$ |  | $(22,038)$ |  | $(35,565)$ |  | $(88,665)$ |  | $(15,841)$ |
| \$ | $(1,125)$ | \$ | $(78,923)$ | \$ | $(53,499)$ | \$ | $(93,750)$ | \$ | 208,112 | \$ | 46,020 |


| Year ended December 31, 2006 |  | $\begin{array}{r} \text { South } \\ \text { Carolina } \end{array}$ |  | th Dakota, Eastern |  | South Dakota, $\qquad$ |  | Tennessee, Chattanooga |  | Tennessee, Eastern |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Operating Revenues |  |  |  |  |  |  |  |  |  |  |
| Contributions | \$ | 415,561 | \$ | 23,768 | \$ | 57,302 | \$ | 193,494 | \$ | 143,937 |
| Child support |  | 30,530 |  | 10,552 |  | - |  | - |  | (250) |
| Service fees |  | 431,087 |  | 59,950 |  | 125,441 |  | 164,552 |  | 204,376 |
| Investments and other |  | 44,756 |  | 40,750 |  | 33,848 |  | 47,559 |  | 28,920 |
| Total Operating Revenues |  | 921,934 |  | 135,020 |  | 216,591 |  | 405,605 |  | 376,983 |
| Operating Expenses |  |  |  |  |  |  |  |  |  |  |
| Salaries |  | 361,733 |  | 57,426 |  | 77,690 |  | 156,646 |  | 166,672 |
| Employee benefits |  | 54,794 |  | 6,507 |  | 12,852 |  | 29,828 |  | 15,887 |
| Payroll taxes |  | 26,257 |  | 3,442 |  | 5,847 |  | 11,803 |  | 13,372 |
| Professional fees |  | 21,211 |  | 2,847 |  | 8,652 |  | 7,656 |  | 7,021 |
| Supplies |  | 9,225 |  | 2,795 |  | 2,268 |  | 5,467 |  | 4,929 |
| Telephone |  | 18,580 |  | 1,866 |  | 4,544 |  | 5,902 |  | 6,726 |
| Postage and shipping |  | 13,129 |  | 2,545 |  | 4,323 |  | 5,770 |  | 4,247 |
| Occupancy |  | 73,019 |  | 9,745 |  | 12,338 |  | 29,059 |  | 32,338 |
| Outside printing |  | 13,908 |  | 2,963 |  | 4,212 |  | 5,538 |  | 3,372 |
| Travel and transportation |  | 24,381 |  | 8,065 |  | 8,322 |  | 6,669 |  | 11,917 |
| Advertising |  | 28,061 |  | 3,779 |  | 10,503 |  | 28,969 |  | 18,757 |
| Special assistance |  | 29,886 |  | 2,108 |  | 4,824 |  | 5,426 |  | 5,438 |
| Overseas contributions |  |  |  | - |  | - |  | - |  | - |
| Miscellaneous |  | 48,895 |  | 14,520 |  | 8,682 |  | 39,295 |  | 10,159 |
| Depreciation |  | - |  | - |  | - |  | 851 |  | - |
| Support services |  | 87,342 |  | 20,320 |  | 20,608 |  | 42,158 |  | 38,958 |
| Total Operating Expenses |  | 810,421 |  | 138,928 |  | 185,665 |  | 381,037 |  | 339,793 |
| Change in Net Assets From Operating Activities | Change in Net Assets From |  |  |  |  | 30,926 |  | 24,568 |  | 37,190 |
| Nonoperating Expense |  |  |  |  |  |  |  |  |  |  |
| Change in Net Assets | \$ | 82,391 | \$ | $(12,765)$ | \$ | 25,561 | \$ | 12,393 | \$ | 23,173 |

# Bethany Christian Services <br> (a not-for-profit corporation) 

## Consolidating Statement of Activities

|  | Tennessee, Middle |  | Tennessee, Mid-South |  | Virginia, Fairfax |  | Virginia, Hampton Roads |  | Washington |  | Wisconsin |  | International |  | Corporate |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| \$ | 153,300 | \$ | 321,820 | \$ | 384,178 | \$ | 93,222 | \$ | 404,809 | \$ | 255,058 | \$ | 1,046,772 | \$ | 162,788 |
|  | 893 |  | 16,670 |  | 210,085 |  |  |  | 415,990 |  | 381,147 |  | - |  | 281,495 |
|  | 325,278 |  | 237,539 |  | 712,154 |  | 224,607 |  | 663,837 |  | 644,827 |  | 1,741,658 |  | $(5,002)$ |
|  | 19,630 |  | 23,686 |  | 53,642 |  | 90,579 |  | 166,820 |  | 115,537 |  | 432,565 |  | 1,517,979 |
|  | 499,101 |  | 599,715 |  | 1,360,059 |  | 408,408 |  | 1,651,456 |  | 1,396,569 |  | 3,220,995 |  | 1,957,260 |
|  | 190,778 |  | 303,523 |  | 637,568 |  | 166,948 |  | 548,572 |  | 683,999 |  | 808,708 |  | 3,006,188 |
|  | 24,607 |  | 70,772 |  | 73,398 |  | 20,174 |  | 91,557 |  | 72,931 |  | 168,111 |  | 518,241 |
|  | 14,496 |  | 22,556 |  | 48,368 |  | 12,643 |  | 40,892 |  | 51,301 |  | 57,913 |  | 219,227 |
|  | 29,706 |  | 6,529 |  | 87,293 |  | 10,624 |  | 65,516 |  | 58,716 |  | 60,559 |  | 287,212 |
|  | 3,469 |  | 4,878 |  | 14,836 |  | 2,591 |  | 17,133 |  | 17,073 |  | 24,484 |  | 49,844 |
|  | 7,090 |  | 8,683 |  | 23,755 |  | 4,127 |  | 23,142 |  | 14,175 |  | 20,176 |  | 77,024 |
|  | 7,501 |  | 7,939 |  | 16,127 |  | 4,962 |  | 18,588 |  | 19,824 |  | 102,435 |  | 89,672 |
|  | 44,670 |  | 45,623 |  | 113,934 |  | 27,020 |  | 100,843 |  | 54,447 |  | 44,904 |  | 242,241 |
|  | 6,870 |  | 6,434 |  | 12,664 |  | 4,099 |  | 14,672 |  | 15,845 |  | 35,756 |  | 224,614 |
|  | 16,759 |  | 20,162 |  | 36,182 |  | 6,634 |  | 53,612 |  | 49,035 |  | 192,437 |  | 230,238 |
|  | 42,597 |  | 14,026 |  | 31,706 |  | 24,410 |  | 75,038 |  | 70,022 |  | 9,092 |  | 206,459 |
|  | 11,184 |  | 16,968 |  | 16,977 |  | 2,472 |  | 237,691 |  | 5,838 |  | 31,922 |  | 151 |
|  |  |  |  |  | - |  |  |  |  |  |  |  | 798,471 |  | - |
|  | 28,006 |  | 28,040 |  | 52,396 |  | 13,162 |  | 120,390 |  | 37,947 |  | 395,527 |  | 906,272 |
|  | - |  | 752 |  | 5,562 |  | 156 |  | 1,493 |  | 1,664 |  | 49,701 |  | 329,826 |
|  | 52,916 |  | 69,983 |  | 149,518 |  | 38,467 |  | 151,732 |  | 146,088 |  | 320,445 |  | $(5,201,002)$ |
|  | 480,649 |  | 626,868 |  | 1,320,284 |  | 338,489 |  | 1,560,871 |  | 1,298,905 |  | 3,120,641 |  | 1,186,207 |
|  | 18,452 |  | $(27,153)$ |  | 39,775 |  | 69,919 |  | 90,585 |  | 97,664 |  | 100,354 |  | 771,053 |
|  | $(15,558)$ |  | $(24,007)$ |  | $(51,806)$ |  | $(13,868)$ |  | $(47,736)$ |  | $(54,439)$ |  | $(61,862)$ |  | $(239,561)$ |
| \$ | 2,894 | \$ | $(51,160)$ | \$ | $(12,031)$ | \$ | 56,051 | \$ | 42,849 | \$ | 43,225 | \$ | 38,492 | \$ | 531,492 |

