Bethany Christian Services

Consolidated Financial Report
with Additional Information
December 31, 2013

Contents

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Independent Auditor's Report

To the Board of Directors
Bethany Christian Services

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bethany Christian Services and its subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2013 and 2012 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Bethany Christian Services

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bethany Christian Services and its subsidiaries as of December 31, 2013 and 2012 and the changes in net assets, functional expenses, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2014 on our consideration of Bethany Christian Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. 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* in considering Bethany Christian Services' internal control over financial reporting and compliance.

Plante & Moran, PLLC

March 12, 2014

Bethany Christian Services

Consolidated Statement of Financial Position

	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 4,744,076	$ 2,580,923
Investments (Note 2)	28,210,961	24,629,138
Receivables - Net	8,718,573	10,471,740
Prepaid expenses and other:		
Prepaid expenses	1,117,704	835,829
Deposits	208,838	169,142
Total current assets	43,000,152	38,686,772
Property and Equipment - Net (Note 3)	13,836,542	12,994,760
Investment in Unconsolidated Affiliate (Note 2)	616,958	634,357
Total assets	**$ 57,453,652**	**$ 52,315,889**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 2,379,659	$ 2,133,468
Current portion of long-term debt (Note 6)	585,298	-
Deferred revenue	2,545,098	3,214,252
Current portion of pension obligations (Note 7)	-	1,020,000
Accrued employee compensation and benefits	4,456,551	4,019,752
Total current liabilities	9,966,606	10,387,472
Annuities Payable (Note 4)	342,045	389,021
Long-term Debt - Net of current portion (Note 6)	8,303,241	-
Other Long-term Liabilities - Pension obligations - Net of current portion (Note 7)	-	8,691,504
Total liabilities	18,611,892	19,467,997
Net Assets		
Unrestricted:		
Undesignated	20,325,157	17,399,753
Board-designated	17,678,689	14,764,823
Temporarily restricted	575,200	427,936
Permanently restricted	262,714	255,380
Total net assets	38,841,760	32,847,892
Total liabilities and net assets	**$ 57,453,652**	**$ 52,315,889**

Bethany Christian Services

Consolidated Statement of Activities and Changes in Net Assets

	Year Ended							
	December 31, 2013				December 31, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support								
Contributions	$ 13,158,680	$ -	$ 2,185	$ 13,160,865	$ 12,966,054	$ -	$ 2,775	$ 12,968,829
Child support	47,711,446	-	-	47,711,446	40,665,909	-	-	40,665,909
Service fees	28,527,680	-	-	28,527,680	27,678,390	-	-	27,678,390
Investments and other	4,486,626	228,679	5,149	4,720,454	3,608,935	-	-	3,608,935
Total revenue and support	93,884,432	228,679	7,334	94,120,445	84,919,288	-	2,775	84,922,063
Net Assets Released from Restrictions	81,415	(81,415)	-	-	58,761	(58,761)	-	-
Total revenue, support, and net assets released from restrictions	93,965,847	147,264	7,334	94,120,445	84,978,049	(58,761)	2,775	84,922,063
Expenses								
Program services:								
Adoption	23,313,846	-	-	23,313,846	26,489,081	-	-	26,489,081
Foster care	21,284,437	-	-	21,284,437	19,462,662	-	-	19,462,662
International social services	797,651	-	-	797,651	1,224,856	-	-	1,224,856
Refugee services	11,124,822	-	-	11,124,822	7,913,091	-	-	7,913,091
Counseling	9,913,388	-	-	9,913,388	8,054,182	-	-	8,054,182
Residential treatment	2,433,288	-	-	2,433,288	2,140,016	-	-	2,140,016
Sponsorship	490,748	-	-	490,748	667,773	-	-	667,773
Other programs	4,546,477	-	-	4,546,477	4,144,465	-	-	4,144,465
Total program services	73,904,657	-	-	73,904,657	70,096,126	-	-	70,096,126
Support services:								
Management and general	9,974,352	-	-	9,974,352	8,901,417	-	-	8,901,417
Fundraising	4,247,568	-	-	4,247,568	3,738,014	-	-	3,738,014
Total expenses	88,126,577	-	-	88,126,577	82,735,557	-	-	82,735,557
Increase (Decrease) in Net Assets - Before other items	5,839,270	147,264	7,334	5,993,868	2,242,492	(58,761)	2,775	2,186,506
Pension Liability Adjustment (Note 7)	-	-	-	-	(352,242)	-	-	(352,242)
Increase (Decrease) in Net Assets	5,839,270	147,264	7,334	5,993,868	1,890,250	(58,761)	2,775	1,834,264
Net Assets - Beginning of year	32,164,576	427,936	255,380	32,847,892	30,274,326	486,697	252,605	31,013,628
Net Assets - End of year	**$ 38,003,846**	**$ 575,200**	**$ 262,714**	**$ 38,841,760**	**$ 32,164,576**	**$ 427,936**	**$ 255,380**	**$ 32,847,892**

See Notes to Consolidated Financial Statements.

Bethany Christian Services

Consolidated Statement of Functional Expenses
Year Ended December 31, 2013

	Adoption	Foster Care	International Social Services	Refugee Services	Counseling	Residential Treatment	Sponsorship	Other Programs	Management and General	Fundraising	Total
Operating Expenses											
Salaries	$ 12,745,123	$ 7,757,458	$ 147,781	$ 4,485,907	$ 5,489,618	$ 1,485,071	$ 85,000	$ 2,516,801	$ 4,501,856	$ 1,132,039	$ 40,346,654
Fringes	1,579,639	1,784,674	31,806	1,023,486	1,113,686	186,181	22,160	136,174	1,540,528	569,950	7,988,284
Taxes	1,001,513	544,240	9,332	315,120	363,990	101,391	3,996	243,915	325,601	81,385	2,990,483
Professional fees	712,268	186,911	(2,934)	162,240	354,118	36,592	7,806	259,803	1,362,899	904,172	3,983,875
Supplies	254,932	128,929	2,935	85,475	88,932	32,045	198	27,048	96,909	16,124	733,527
Telephone	413,042	166,671	1,158	82,716	132,543	11,200	161	68,674	58,331	19,329	953,825
Postage	262,408	43,953	537	9,604	21,624	580	2,202	15,600	107,923	29,115	493,546
Occupancy	1,730,539	759,544	18,215	471,487	401,167	97,337	-	219,404	330,359	63,432	4,091,484
Printing	155,116	48,467	342	25,230	27,005	420	2,376	43,568	98,750	79,563	480,837
Information technology	186,997	159,272	1,892	149,057	68,871	28,128	8,457	101,614	268,633	11,993	984,914
Equipment and furnishings	51,231	28,510	4	49,046	13,229	24,651	-	15,269	29,733	733	212,406
Travel	1,008,412	833,101	32,667	492,375	541,017	54,419	10,489	254,230	322,727	115,438	3,664,875
Conferences and meetings	201,420	128,331	144	51,168	56,138	5,877	390	207,800	141,470	11,950	804,688
Advertising	734,423	209,287	-	60,665	285,551	-	959	50,491	183,743	27,198	1,552,317
Special assistance	468,311	8,224,541	7,830	3,471,108	778,961	304,885	1,283	85,542	198	-	13,342,659
Overseas contributions	730,573	-	508,117	-	-	-	330,986	3,250	2,500	48	1,575,474
Program development	60,296	9,560	8,602	355	2,128	27	-	12,961	22,501	1,815	118,245
Payment processing fees	349,334	15	-	354	2,441	-	4,432	9,245	6,465	3,055	375,341
Educational and promotional materials	43,358	14,544	344	7,867	10,724	3,866	2,194	9,231	119,663	11,789	223,580
Miscellaneous fund raising	-	-	-	-	-	-	-	-	-	1,005,322	1,005,322
Bad debt	10,013	44,867	-	85	55,388	-	-	866	-	-	111,219
Miscellaneous	378,681	82,858	22,641	41,027	78,792	7,936	7,526	185,890	161,074	24,580	991,005
Depreciation	236,217	128,704	6,238	140,450	27,465	52,682	133	79,101	292,489	138,538	1,102,017
Total operating expenses	**$ 23,313,846**	**$ 21,284,437**	**$ 797,651**	**$ 11,124,822**	**$ 9,913,388**	**$ 2,433,288**	**$ 490,748**	**$ 4,546,477**	**$ 9,974,352**	**$ 4,247,568**	**$ 88,126,577**

Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2012

	Adoption	Foster Care	International Social Services	Refugee Services	Counseling	Residential Treatment	Sponsorship	Other Programs	Management & General	Fundraising	Total
Operating Expenses											
Salaries	$ 13,475,862	$ 7,286,641	$ 209,955	$ 2,830,098	$ 4,880,230	$ 1,302,492	$ 73,182	$ 2,206,612	$ 4,200,343	$ 1,034,968	$ 37,500,383
Fringes	3,465,300	1,817,923	46,775	690,026	1,017,356	313,385	21,270	488,715	710,986	244,140	8,815,876
Taxes	1,026,358	511,776	12,989	200,047	320,158	94,899	1,472	219,113	306,920	81,790	2,775,522
Professional fees	936,691	180,382	19,950	103,662	222,789	19,091	191,779	76,209	1,460,760	583,120	3,794,433
Supplies	279,778	150,920	6,105	52,253	83,844	27,628	356	29,481	79,582	12,138	722,085
Telephone	455,077	166,550	1,435	36,264	86,496	9,379	11	65,144	60,448	19,330	900,134
Postage	305,669	45,504	1,210	8,755	12,653	532	2,813	12,341	83,661	50,237	523,375
Occupancy	1,847,064	628,405	17,102	338,056	324,962	87,583	-	172,898	219,141	43,128	3,678,339
Printing	186,277	34,937	939	8,008	19,084	1,049	10,231	31,019	67,570	182,682	541,796
Information technology	229,054	124,793	5,897	61,715	46,964	15,654	5,248	69,921	266,038	61,852	887,136
Equipment and furnishings	79,532	38,788	200	15,805	9,200	7,052	-	23,435	26,926	834	201,772
Travel	1,049,512	747,965	29,517	238,206	402,485	44,004	5,136	210,561	327,056	79,979	3,134,421
Conferences and meetings	190,846	113,706	865	21,725	40,129	3,969	1,803	137,171	144,476	21,360	676,050
Advertising	890,470	177,192	-	39,703	50,346	2,028	-	164,200	283,219	14,607	1,621,765
Special assistance	727,715	7,192,188	3,800	3,160,295	326,905	169,669	1,914	68,604	8,232	6,495	11,665,817
Overseas contributions	382,649	-	709,343	-	-	-	327,012	-	-	-	1,419,004
Program development	138,768	1,536	150,369	118	1,268	-	-	6,490	11,496	59	310,104
Payment processing fees	270,912	63	-	198	1,427	-	3,918	3,548	26,696	1,058	307,820
Educational and promotional materials	40,726	11,117	173	7,461	6,281	198	17,177	17,962	66,527	17,176	184,798
Fundraising event costs	-	-	-	-	-	-	-	-	-	1,076,415	1,076,415
Bad debt	41,097	5,735	-	-	87,517	-	-	4,321	125	1,160	139,955
Miscellaneous	235,751	114,433	5,944	20,423	82,574	7,252	4,403	51,337	243,784	44,824	810,725
Depreciation	233,973	112,108	2,288	80,273	31,514	34,152	48	85,383	307,431	160,662	1,047,832
Total operating expenses	**$ 26,489,081**	**$ 19,462,662**	**$ 1,224,856**	**$ 7,913,091**	**$ 8,054,182**	**$ 2,140,016**	**$ 667,773**	**$ 4,144,465**	**$ 8,901,417**	**$ 3,738,014**	**$ 82,735,557**

Bethany Christian Services

Consolidated Statement of Cash Flows

	Year Ended December 31, 2013	Year Ended December 31, 2012
Cash Flows from Operating Activities		
Increase in net assets	$ 5,993,868	$ 1,834,264
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	1,102,017	1,047,832
Loss on sale of property and equipment	27,338	16,818
Permanently restricted contributions received	(2,185)	(2,775)
Bad debt expense	(111,219)	(139,955)
Net realized and unrealized gains on investments	(3,304,136)	(2,228,446)
Earnings on unconsolidated investment	(45,801)	(47,167)
Pension liability adjustment	-	352,242
Pension net periodic benefit (gain) cost	(1,153,916)	1,237,636
Net present value adjustment of annuities payable	153	(3,296)
Changes in operating assets and liabilities which (used) provided cash:		
Receivables	1,864,386	(2,036,767)
Prepaid expenses and other	(321,571)	(107,344)
Accounts payable and accrued expenses	246,191	(124,578)
Accrued employee compensation and benefits	436,799	595,797
Pension contribution and termination	(8,557,588)	(1,250,000)
Deferred revenue	(669,154)	453,384
Net cash used in operating activities	(4,494,818)	(402,355)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,971,137)	(1,037,461)
Purchases of investments	(4,930,261)	(4,876,952)
Proceeds from sales of investments	4,652,574	6,947,393
Distributions from unconsolidated affiliate	63,200	67,200
Net cash (used in) provided by investing activities	(2,185,624)	1,100,180
Cash Flows from Financing Activities		
Payments on annuities payable	(47,129)	(40,837)
Payments on long-term debt	(247,461)	-
Proceeds from long-term debt	9,136,000	-
Permanently restricted contributions received	2,185	2,775
Net cash provided by (used in) financing activities	8,843,595	(38,062)
Net Increase in Cash and Cash Equivalents	2,163,153	659,763
Cash and Cash Equivalents - Beginning of year	2,580,923	1,921,160
Cash and Cash Equivalents - End of year	**$ 4,744,076**	**$ 2,580,923**
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	**$ 74,079**	**$ 23,022**

Note 1 - Nature of Activities and Significant Accounting Policies

Nature of Organization - Bethany Christian Services and its subsidiaries (the "Organization") is a not-for-profit corporation whose sources of revenue are derived principally from public contributions, government grants, and service fees. 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 39 home offices in 36 states, with the central business office located in Grand Rapids, Michigan. Approximately 51 percent and 53 percent of operating revenue in 2013 and 2012, respectively, was derived from services provided under contract with governmental units.

Significant accounting policies are as follows:

Principles of Consolidation - The consolidated financial statements include the accounts of the Organization and all of its wholly owned subsidiaries, which include all of the various branches and related legal entities. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Basis of Presentation - The Organization prepares its consolidated financial statements in accordance with the accounting principles outlined in the American Institute of Certified Public Accountants' *Audit and Accounting Guide for Not-for-Profit Entities* and accounting standards for financial statements of not-for-profit organizations.

Cash Equivalents - The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk Arising from Deposit Accounts - The Organization maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000 and certain other federally managed programs. As of December 31, 2013, the Organization had depository accounts that exceeded federally insured limits. As of December 31, 2012, the Organization had no amounts in excess of federally insured limits.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Investments - Investments are stated at fair value, except for the investment in unconsolidated affiliate, which is recorded using the equity method. Gains or losses on investments are reported in the consolidated statement of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Risks and Uncertainties - The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

Receivables - Receivables are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance was $114,402 and $150,702 at December 31, 2013 and 2012, respectively.

Property and Equipment - Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred. Estimated useful lives are 40 years for buildings, 20 years for land improvements (or the lease term, whichever is shorter), 10 years for furniture and fixtures, three to six years for machinery and equipment, and three years for vehicles.

The Organization reports gifts of property, plant, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of property, plant, and equipment with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire property, plant, and equipment are reported as restricted support. Absent explicit donor stipulations about how long the property, plant, and equipment must be maintained, the Organization reports expirations of donor restrictions over time based on an estimate of the useful lives of the donated or acquired property, plant, and equipment.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Certain property, plant, and equipment were acquired with funds from grant contracts that include the option for the grantor to require reversion of title at the end of the grant contract. These assets are insignificant to the consolidated financial statements as a whole and were fully depreciated as of December 31, 2013 and 2012.

Deferred Revenue - Deferred revenue consists primarily of adoption fees billed to prospective parents and collected in advance of providing adoption services and grant revenue received in advance of expenditures.

Classification of Net Assets - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Contributions - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Grant Revenue - Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as deferred revenue. Grant revenue is primarily received for child support services.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Service Fee Revenue - Prospective parents involved in the domestic infant 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. These fees are billed at the time the home study is complete. The Organization's policy is to recognize a portion of the fee as revenue at the time of home study completion and record a deferred revenue related to the remaining balance. A portion of the deferred revenue is recognized at the time of placement, with the remainder balance being recognized when the adoption is closed.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

In accordance with the requirements of the State of Pennsylvania, the details of the Organization's Philadelphia foster care activities reported in the consolidated statements of activities and changes in net assets and functional expenses as a part of the foster care program for the years ended December 31, 2013 and 2012 are as follows.

	2013	2012
Operating expenses:		
Salaries	$ 342,900	$ 470,250
Employee benefits	97,448	106,272
Payroll taxes	24,616	34,710
Professional fees	6,812	8,938
Supplies	8,674	7,260
Telephone	7,253	7,614
Postage and shipping	2,288	1,921
Occupancy	40,176	39,651
Outside printing	1,029	716
Travel and transportation	20,020	27,427
Advertising	9,703	4,067
Special assistance	558,876	564,895
Miscellaneous	59,841	66,769
Depreciation	8,282	7,942
Total	$ 1,187,918	$ 1,348,432

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Federal Income Taxes - The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to December 31, 2010.

Advertising - Advertising costs are expensed as incurred and amounted to $1,552,316 and $1,621,765 in 2013 and 2012, respectively.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including March 12, 2014, which is the date the consolidated financial statements were available to be issued.

Note 2 - Investments

Investments consisted of the following at December 31:

	2013	2012
Bonds and notes	$ -	$ 326,677
Government securities	-	381,427
Mutual funds	22,006,451	19,153,831
Pooled funds	411,052	428,574
Exchange traded funds	5,793,458	4,338,629
Subtotal	28,210,961	24,629,138
Investment in unconsolidated affiliate	616,958	634,357
Total	$ 28,827,919	$ 25,263,495

Note 2 - Investments (Continued)

Investment income consists of the following:

	2013	2012
Interest and dividends	$ 884,719	$ 876,029
Realized and unrealized gains	3,304,136	2,228,446
Total	$ 4,188,855	$ 3,104,475

During 2005, the Organization purchased a 40 percent 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 approximately $45,800 and $47,100 and received a distribution of $63,200 and $67,200 for the years ended December 31, 2013 and 2012, respectively. The Organization is the sole tenant of the real estate limited liability company and has incurred lease expenses of $165,557 in 2013 and $168,295 in 2012 related to an operating lease entered into in conjunction with the investment.

Note 3 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2013	2012
Land	$ 1,226,676	$ 1,011,176
Land improvements	1,260,233	1,211,316
Buildings and improvements	16,912,896	15,178,743
Transportation equipment	337,683	282,704
Furniture and fixtures	6,239,319	6,123,628
Construction in progress	87,951	586,300
Total cost	26,064,758	24,393,867
Accumulated depreciation	(12,228,216)	(11,399,107)
Net carrying amount	$ 13,836,542	$ 12,994,760

Depreciation expense was $1,102,017 for 2013 and $1,047,832 for 2012.

As of December 31, 2013, the Organization has commitments to spend approximately $400,000 related to a capital improvement.

Note 4 - Annuities Payable

The Organization sponsors a program in which donors may transfer assets to the Organization for the right to receive a predetermined return during their lifetimes (an annuity). Based upon the terms of each annuity agreement, the Organization determines its liability under the agreement using the estimated present value of future payments to the annuitant. Such future payments are determined utilizing the life expectancy of the annuitant (based on Annuity 2000 Table for Males & Females) and the interest rate (discount rate), the applicable federal mid-term rate for U.S. Treasury bills, in effect at the time of the gift. At December 31, 2013 and 2012, the Organization recorded $342,045 and $389,021, respectively, in annuities payable relating to such program.

Note 5 - Operating Leases

The Organization leases office space and certain equipment and vehicles under operating lease agreements that expire through 2018. The following is a schedule of future minimum rental payments for the years ending December 31:

2014		$ 1,943,208
2015		1,281,857
2016		916,284
2017		369,107
2018		232,819
	Total	$ 4,743,275

Total rent expense on these leases for 2013 and 2012 was $2,441,555 and $2,212,161, respectively.

Note 6 - Debt

The Organization has a $3,000,000 line of credit available from a bank. Total draws were $1,500,000 and $9,082,000 during 2013 and 2012, respectively. There were no borrowings outstanding on this line of credit at December 31, 2013 and 2012. The line of credit bears interest at LIBOR plus 1.7 percent. The line of credit expires on June 24, 2014.

As of December 31, 2013 and 2012, the Organization had outstanding notes payable as follows:

	2013	2012
Thrift store mortgage, payable in monthly installments of $1,789, including interest of LIBOR plus 2.05 percent (an effective rate of 2.22 percent at December 31, 2013). The loan matures on March 20, 2018 and is collateralized by the thrift store building	$ 399,899	$ -

Note 6 - Debt (Continued)

	2013	2012
Term loan payable in monthly installments of $46,272, including interest of LIBOR plus 1.87 percent (an effective rate of 2.28 percent at December 31, 2013). The loan matures on July 20, 2018 and the note is collateralized by all investment assets held by Charles Schwab	$ 6,268,640	$ -
Barnabas Foundation note payable with principal payable upon the termination of the loan and interest due quarterly. Interest is a fixed rate of LIBOR plus 1 percent (an effective rate of 1.17 percent at December 31, 2013). The loan matures on June 21, 2018 and is unsecured	1,500,000	-
Federal Home Loan Bank Affordable Housing Program notes payable, received to assist in the building of low-income housing units. This loan has no repayment requirements, no interest, and will be forgiven at the end of the 15-year compliance period if the related projects are operated in compliance with the grant terms. The loan is secured by the housing units associated with the loan	720,000	-
Total	8,888,539	-
Less current portion	585,298	-
Long-term portion	$ 8,303,241	$ -

The debt service requirements are as follows:

Years Ending December 31	Principal
2014	$ 585,298
2015	605,535
2016	626,466
2017	648,129
2018	6,423,111
Total	$ 8,888,539

Note 6 - Debt (Continued)

Interest expense for the line of credit and long-term debt totaled $74,079 and $23,022 for 2013 and 2012, respectively.

The Organization is required to meet quarterly debt covenants in relation to the term loan payable and line of credit.

Note 7 - Employee Benefit Plans

403(b) Retirement Plan

The Organization has a 403(b) retirement plan. Under the plan, employees can elect to defer up to 20 percent of their annual compensation up to the maximum dollar amount determined by the Internal Revenue Code.

The Organization provides a discretionary match for eligible employee contributions in an amount equal to 100 percent of elective deferral contributions according to the following schedule:

Years of Service	Limit on Contributions Matched
Less than 2	No matching contribution
2-4	4 percent
5-9	6 percent
10 or more	8 percent

In addition, the Organization can make a discretionary contribution of 2 percent of salary for each participant employed at the end of the year, with at least two years of service, and who has worked at least 1,000 hours during the year. The discretionary contribution was made for 2013 and 2012.

The Organization made contributions of $1,456,981 and $1,156,916 to the plan for the years ended December 31, 2013 and 2012, respectively.

Note 7 - Employee Benefit Plans (Continued)

Defined Benefit Plan

The Organization had a noncontributory defined benefit pension plan that covered substantially all of its employees. The plan provided defined benefits based on years of service and compensation. The plan was frozen effective December 31, 2009. On March 20, 2012, the Organization consented to terminate the Plan as of May 31, 2012. The Plan received approval of the proposed termination from the Internal Revenue Service dated January 31, 2013. During 2013, the Plan liquidated via distributions of $16,586,303 in benefits paid to participants and the purchase of a $13,599,000 annuity contract for the remaining participants. The Organization contributed an additional $7,957,588 to fund the deficit balance and pay the final distributions on July 22, 2013.

Obligations and Funded Status

	Pension Benefits
	2012
Projected benefit obligation	$ 31,270,028
Fair value of plan assets at end of year	21,558,524
Funded status at end of year	$ (9,711,504)

Amounts recognized in the consolidated balance sheet consist of the following:

	Pension Benefits
	2012
Current liabilities	$ 1,020,000
Noncurrent liabilities	8,691,504
Total	$ 9,711,504

Net Periodic Benefit Cost, Employer Contributions, and Benefits Paid

	Pension Benefits	
	2013	2012
Net periodic benefit cost	$ 748,840	$ 1,237,636
Employer contributions	8,557,588	1,250,000
Benefits paid directly to participants or beneficiaries	17,144,840	739,479
Annuity contract settlement	13,599,000	-

Note 7 - Employee Benefit Plans (Continued)

Other Changes in Plan Assets and Benefit Obligations Recognized as Pension Liability Adjustment

	Pension Benefits	
	2013	2012
Interest cost	$ 748,840	$ 1,259,615
Expected return on assets	(630,594)	(1,261,187)
Amortization of transition obligation	619,604	1,239,208
Settlement gain	(1,891,766)	-
Net periodic benefit (gain) cost	(1,153,916)	1,237,636
Net loss	-	1,591,450
Amortization of net loss	-	(1,239,208)
Pension liability adjustment	-	352,242
Total recognized in the consolidated statement of activities	$ (1,153,916)	$ 1,589,878

Assumptions

Weighted average assumptions used to determine benefit obligations at December 31, 2012 are as follows:

	Pension Benefits
	2012
Discount rate	4.00 %

Weighted average assumptions used to determine net periodic benefit cost for year ended December 31, 2012 are as follows:

	Pension Benefits
	2012
Discount rate	4.50 %
Expected long-term return on plan assets	7.00

Note 7 - Employee Benefit Plans (Continued)

The overall expected rate of return on plan assets represents a weighted average composite rate based on the historical rates of returns of the respective asset classes. 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.

Pension Plan Assets

The goal of the pension plan investment program was to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Organization, maintain an asset/liability ratio in compliance with all applicable laws and regulations and assure timely payment of retirement benefits.

The investment policy for the plan was determined by the Organization's investment committee. The committee hired and oversaw the investment advisor, who was given the responsibility to invest the assets in accordance with the policy. In general, the committee favored an investment policy designed to enhance the long-term funding of the plan through capital appreciation and growth of income while avoiding extremely volatile results. The assets of the plan were invested to avoid significant concentrations of risk through pooled separate accounts, which were invested in a wide range of investments and strategies.

Equity securities primarily included investments in large- and mid-cap companies primarily located in the United States. Fixed-income securities included corporate bonds of companies from diversified industries, mortgage-backed securities, and U.S. Treasuries.

The target allocation of plan assets was 20 percent equity securities and 80 percent corporate bonds and U.S. Treasury securities.

Note 7 - Employee Benefit Plans (Continued)

The fair values of the Organization's pension plan assets at December 31, 2012, by major asset classes, were as follows:

Fair Value Measurements at December 31, 2012

	Balance at December 31, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Classes				
Pooled equity funds (a)	$ 5,013,554	$ -	$ 5,013,554	$ -
Pooled bond funds (b)	16,120,741	-	16,120,741	-
Pooled real estate equity funds (c)	424,229	-	424,229	-
Total	$ 21,558,524	$ -	$ 21,558,524	$ -

(a) Pooled equity funds consist of 70 percent of mutual funds that invest in common stock of large-cap U.S. companies. A total of 30 percent of the Organization's mutual fund investments focus on emerging markets and domestic real estate common stocks.

(b) This class includes hedge funds that invest both long and short in primarily U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

(c) This class includes several private equity funds that invest primarily in U.S. commercial real estate.

The above tables present information about the pension benefit plan assets measured at fair value at December 31, 2012 and the valuation techniques used by the Organization to determine those fair values. The level inputs and fair value measurement practice are further described in Note 8.

Note 8 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2013 and 2012 and the valuation techniques used by the Organization to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Note 8 - Fair Value Measurements (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
Investments:				
Mutual funds - Domestic stock	$ 6,538,625	$ -	$ -	$ 6,538,625
Mutual funds - Foreign stock	4,245,084	-	-	4,245,084
Mutual funds - Bonds	10,543,046	-	-	10,543,045
Mutual funds - Real estate	679,697	-	-	679,697
Exchange traded funds - Domestic stock	3,187,613	-	-	3,187,613
Exchange traded funds - Foreign stock	1,633,147	-	-	1,633,147
Exchange traded funds - Real estate	741,815	-	-	741,815
Exchange traded funds- Bonds	230,882	-	-	230,883
Pooled funds - Domestic stock	-	164,763	-	164,763
Pooled funds - REIT	-	23,792	-	23,792
Pooled funds - Bonds	-	124,037	-	124,037
Pooled funds - Low volatility fund	-	-	87,648	87,648
Pooled funds - Managed Future Funds	-	-	10,812	10,812
Total investments	$ 27,799,909	$ 312,592	$ 98,460	$ 28,210,961

Note 8 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Investments:				
Mutual funds - Domestic stocks	$ 5,814,810	$ -	$ -	$ 5,814,810
Mutual funds - Foreign stock	3,840,254	-	-	3,840,254
Mutual funds - Bonds	8,672,645	-	-	8,672,645
Mutual funds - Real estate	826,122	-	-	826,122
Exchange traded funds - Domestic stock	2,504,784	-	-	2,504,784
Exchange traded funds - Foreign stock	1,380,417	-	-	1,380,417
Exchange traded funds - Real estate	453,428	-	-	453,428
Pooled funds - Domestic stocks	-	132,798	-	132,798
Pooled funds - REIT	-	23,269	-	23,269
Pooled funds - Bonds	-	124,514	-	124,514
Corporate bonds	-	326,677	-	326,677
U.S. Treasury notes	-	173,625	-	173,625
U.S. agency notes	-	207,802	-	207,802
Pooled funds - Managed futures fund	-	-	19,298	19,298
Pooled funds - Low volatility fund	-	-	128,695	128,695
Total investments	$ 23,492,460	$ 988,685	$ 147,993	$ 24,629,138

The fair value of pooled funds, corporate bonds, and U.S. Treasury and U.S. agency notes at December 31, 2013 and 2012 was determined primarily based on Level 2 inputs. The Organization estimates the fair value of these investments using quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves.

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2013 and 2012 are as follows:

	Pooled Funds - Managed Future Funds	Pooled Funds - Low Volatility Fund
Balance at January 1, 2013	$ 19,298	$ 128,695
Total unrealized losses	(8,486)	(41,047)
Balance at December 31, 2013	$ 10,812	$ 87,648

Note 8 - Fair Value Measurements (Continued)

	Pooled Funds - Managed Funds	Pooled Funds - Fund of Funds	Pooled Funds - Low Volatility Fund
Balance at January 1, 2012	$ 24,907	$ 685,922	$ 130,215
Sales	-	(687,941)	-
Total realized and unrealized (losses) gains	(5,609)	2,019	(1,520)
Balance at December 31, 2012	$ 19,298	$ -	$ 128,695

Realized and unrealized losses of $49,533 and $5,110 for the years ended December 31, 2013 and 2012, respectively, are reported in investment income in the consolidated statement of activities.

The fair value of managed future funds, low volatility funds, and fund of funds at December 31, 2013 and 2012 was determined primarily based Level 3 inputs. The Organization estimates the fair value based on net asset value of the fund and its underlying investments, adjusted for known liquidation and redemption restrictions or other relevant factors.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Organization's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended December 31, 2013 and 2012, there were no transfers between levels of the fair value hierarchy.

Investments in Entities that Calculate Net Asset Value per Share

The Organization holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Note 8 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments Held at December 31, 2013

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Pooled funds - Managed future fund	$ 10,812	$ -	N/A	N/A
Pooled funds - Low volatility fund	87,648	-	N/A	N/A

Investments Held at December 31, 2012

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Pooled funds - Managed future fund	$ 19,298	$ -	N/A	N/A
Pooled funds - Low volatility fund	128,695	-	N/A	N/A

The managed future fund class invests in a globally diversified selection of commodity and financial market futures with an objective of generating capital appreciation with low correlations to both equity and fixed-income markets. Investments in this class include publicly traded commodity and financial futures contracts. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The low volatility fund class invests in a globally diversified selection of hedge funds or hedge fund of funds with an objective of generating equity-like returns with volatility similar to bonds. Investments in this class include investments in hedge funds and hedge fund of funds. The hedge funds' composite portfolio for this class includes investments in both equity and debt strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 9 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

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

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

Endowment Net Asset Composition by Type of Fund as of December 31, 2013

	Unrestricted - Board-designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 575,200	$ 262,714	$ 837,914
Board-designated endowment funds	17,678,689	-	-	17,678,689
Total funds	$ 17,678,689	$ 575,200	$ 262,714	$ 18,516,603

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2013

	Unrestricted - Board-designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 14,764,823	$ 427,936	$ 255,380	$ 15,448,139
Investment return:				
Investment income	338,335	228,679	5,149	572,163
Net depreciation (realized and unrealized)	2,400,559	-	-	2,400,559
Total investment return	2,738,894	228,679	5,149	2,972,722
Contributions	-	-	2,185	2,185
Appropriation of endowment assets for expenditure	-	(81,415)	-	(81,415)
Other changes - Transfers from unrestricted - undesignated net assets	174,972	-	-	174,972
Endowment net assets - End of year	$ 17,678,689	$ 575,200	$ 262,714	$ 18,516,603

Endowment Net Asset Composition by Type of Fund as of December 31, 2012

	Unrestricted - Board-designated	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 427,936	$ 255,380	$ 683,316
Board-designated endowment funds	14,764,823	-	-	14,764,823
Total funds	$ 14,764,823	$ 427,936	$ 255,380	$ 15,448,139

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2012

	Unrestricted - Board-designated	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	$ 13,309,869	$ 486,697	$ 252,605	$ 14,049,171
Investment return:				
Investment income	443,787	-	-	443,787
Net appreciation	1,320,013	-	-	1,320,013
Total investment return	1,763,800	-	-	1,763,800
Contributions	-	-	2,775	2,775
Appropriation of endowment assets for expenditure	-	(58,761)	-	(58,761)
Other changes - Transfers to unrestricted - undesignated net assets	(308,846)	-	-	(308,846)
Endowment net assets - End of year	$ 14,764,823	$ 427,936	$ 255,380	$ 15,448,139

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior eight quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Additional Information

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Independent Auditor's Report on Additional Information

To the Board of Directors
Bethany Christian Services

We have audited the consolidated financial statements of Bethany Christian Services as of and for the years ended December 31, 2013 and 2012. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

March 12, 2014

Bethany Christian Services

Consolidating Statement of Financial Position
December 31, 2013

	Total	Arkansas	Northern California	Southern California	Colorado	Florida	Gulf Coast	Georgia	Illinois	Central Indiana
Assets										
Current assets:										
Cash and cash equivalents	$ 4,744,076	$ 1,550	$ 9,475	$ 3,617	$ 5,200	$ 4,670	$ (164,664)	$ 15,100	$ (322,250)	$ 8,500
Investments	28,210,961	802,151	86,814	372,118	175,618	78,855	-	465,348	-	269,304
Receivables - Net	8,718,573	7,000	119,913	95,770	145,152	164,131	66,509	822,674	20,995	333,603
Prepaid expenses and other:										
Prepaid expenses	1,117,704	1,095	2,505	5,787	7,044	1,500	-	19,346	1,575	6,831
Deposits	208,838	-	2,650	5,371	1,600	290	-	4,977	-	13,943
Total current assets	43,000,152	811,796	221,357	482,663	334,614	249,446	(98,155)	1,327,445	(299,680)	632,181
Property and equipment:										
Land and land improvements	2,486,909	-	-	-	-	-	-	-	-	-
Buildings and improvements	16,912,895	-	70,623	-	-	-	-	111,800	-	-
Furniture and fixtures	6,239,319	-	128,639	6,847	13,251	5,176	-	56,965	25,793	11,240
Transportation equipment	337,684	-	19,000	-	-	-	-	53,980	-	-
Construction in progress	87,952	-	-	-	-	-	-	34,170	-	-
Total property and equipment	26,064,759	-	218,262	6,847	13,251	5,176	-	256,915	25,793	11,240
Less accumulated depreciation	(12,228,217)	-	(151,135)	(1,046)	(12,515)	(1,078)	-	(115,105)	(20,921)	(5,308)
Net property and equipment	13,836,542	-	67,127	5,801	736	4,098	-	141,810	4,872	5,932
Investment in unconsolidated affiliate	616,958	-	-	-	-	-	-	616,958	-	-
Total assets	**$ 57,453,652**	**$ 811,796**	**$ 288,484**	**$ 488,464**	**$ 335,350**	**$ 253,544**	**$ (98,155)**	**$ 2,086,213**	**$ (294,808)**	**$ 638,113**

Consolidating Statement of Financial Position (Continued)
December 31, 2013

	Northwest Iowa	South Central Iowa	Maryland	Michigan	Minnesota	Mississippi	Missouri	New England	New Jersey
Assets									
Current assets:									
Cash and cash equivalents	$ (206,984)	$ 4,600	$ 1,500	$ 139,824	$ (290,487)	$ 7,837	$ 3,580	$ (99,599)	$ (145,760)
Investments	-	458,871	149,806	4,793,084	-	642,431	372,618	-	-
Receivables - Net	25,431	27,590	97,719	4,487,426	88,958	3,603	14,578	89,948	47,322
Prepaid expenses and other:									
Prepaid expenses	1,500	3,969	5,984	84,420	4,433	2,919	2,038	2,885	5,467
Deposits	-	1,281	2,898	16,992	434	-	1,468	2,414	1,550
Total current assets	(180,053)	496,311	257,907	9,521,746	(196,662)	656,790	394,282	(4,352)	(91,421)
Property and equipment:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and improvements	-	19,356	13,710	412,284	-	-	-	-	-
Furniture and fixtures	11,605	7,944	9,536	1,576,291	5,937	14,197	7,374	-	18,212
Transportation equipment	-	-	-	238,412	-	-	-	-	-
Construction in progress	-	-	-	41,202	-	-	-	-	-
Total property and equipment	11,605	27,300	23,246	2,268,189	5,937	14,197	7,374	-	18,212
Less accumulated depreciation	(11,053)	(25,365)	(4,016)	(1,459,567)	(5,937)	(9,377)	(5,326)	-	(12,810)
Net property and equipment	552	1,935	19,230	808,622	-	4,820	2,048	-	5,402
Investment in unconsolidated affiliate	-	-	-	-	-	-	-	-	-
Total assets	**$ (179,501)**	**$ 498,246**	**$ 277,137**	**$ 10,330,368**	**$ (196,662)**	**$ 661,610**	**$ 396,330**	**$ (4,352)**	**$ (86,019)**

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)
December 31, 2013

	North Carolina	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina	Eastern South Dakota	Western South Dakota	Greater Chattanooga	East Tennessee	Middle Tennessee
Assets										
Current assets:										
Cash and cash equivalents	$ 4,500	$ 5,850	$ (678,209)	$ (160,605)	$ 3,250	$ 1,350	$ 2,500	$ (316,184)	$ 3,000	$ (678,605)
Investments	746,427	235,445	-	-	180,957	104,678	102,996	-	168,629	-
Receivables - Net	13,391	281,464	660,771	158,539	47,856	69,563	52,580	56,900	(5,991)	22,672
Prepaid expenses and other:										
Prepaid expenses	4,140	9,159	1,975	5,834	4,350	1,500	1,353	3,869	3,255	4,319
Deposits	1,500	7,045	1,570	1,850	800	-	833	5,000	2,000	3,021
Total current assets	769,958	538,963	(13,893)	5,618	237,213	177,091	160,262	(250,415)	170,893	(648,593)
Property and equipment:										
Land and land improvements	-	-	189,035	-	-	-	-	-	-	-
Buildings and improvements	-	12,334	1,066,913	-	-	-	-	34,847	-	-
Furniture and fixtures	11,939	32,169	76,207	23,528	7,384	-	4,115	-	12,474	5,952
Transportation equipment	-	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-	-
Total property and equipment	11,939	44,503	1,332,155	23,528	7,384	-	4,115	34,847	12,474	5,952
Less accumulated depreciation	(11,405)	(31,784)	(224,902)	(15,430)	(7,384)	-	(2,229)	(11,786)	(5,574)	(992)
Net property and equipment	534	12,719	1,107,253	8,098	-	-	1,886	23,061	6,900	4,960
Investment in unconsolidated affiliate	-	-	-	-	-	-	-	-	-	-
Total assets	**$ 770,492**	**$ 551,682**	**$ 1,093,360**	**$ 13,716**	**$ 237,213**	**$ 177,091**	**$ 162,148**	**$ (227,354)**	**$ 177,793**	**$ (643,633)**

Consolidating Statement of Financial Position (Continued)
December 31, 2013

	West Tennessee	Virginia	Washington	Wisconsin	Bethany Christian Services Global LLC	Bethany's Thrift Store	Corporate	Bethany Christian Foundation LLC
Assets								
Current assets:								
Cash and cash equivalents	$ (295,931)	$ (73,019)	$ (1,109,465)	$ 3,625	$ (236,490)	$ 4,205	$ 9,236,746	$ 51,849
Investments	-	-	-	148,211	2,302,515	(59,248)	(2,851,422)	18,464,755
Receivables - Net	49,266	166,177	118,427	64,720	366,207	-	(62,291)	-
Prepaid expenses and other:								
Prepaid expenses	2,400	11,232	8,850	5,143	6,001	-	885,026	-
Deposits	3,100	6,551	8,333	3,753	-	-	107,614	-
Total current assets	(241,165)	110,941	(973,855)	225,452	2,438,233	(55,043)	7,315,673	18,516,604
Property and equipment:								
Land and land improvements	-	-	-	-	-	-	2,297,874	-
Buildings and improvements	-	6,435	-	-	-	30,203	15,134,390	-
Furniture and fixtures	9,191	18,950	48,678	28,918	425,737	42,410	3,592,660	-
Transportation equipment	-	-	-	-	-	-	26,292	-
Construction in progress	-	-	-	-	-	-	12,580	-
Total property and equipment	9,191	25,385	48,678	28,918	425,737	72,613	21,063,796	-
Less accumulated depreciation	(4,904)	(18,794)	(43,504)	(25,013)	(355,665)	(1,474)	(9,626,818)	-
Net property and equipment	4,287	6,591	5,174	3,905	70,072	71,139	11,436,978	-
Investment in unconsolidated affiliate	-	-	-	-	-	-	-	-
Total assets	**$ (236,878)**	**$ 117,532**	**$ (968,681)**	**$ 229,357**	**$ 2,508,305**	**$ 16,096**	**$ 18,752,651**	**$ 18,516,604**

Consolidating Statement of Financial Position (Continued)
December 31, 2013

	Total	Arkansas	Northern California	Southern California	Colorado	Florida	Gulf Coast	Georgia	Illinois	Central Indiana
Liabilities and Net Assets (Deficit)										
Liabilities										
Current liabilities:										
Accounts payable and accrued expenses	$ 2,379,659	$ 14,957	$ (108)	$ 2,107	$ 4,643	$ 6,374	$ 400	$ 35,905	$ 852	$ 612
Deferred revenue	2,545,098	17,304	47,059	32,960	39,560	25,790	8,250	86,922	47,698	90,008
Current maturities of long-term debt	585,298	-	-	-	-	-	-	-	-	-
Employee compensation and benefits	4,456,551	28,483	94,275	48,509	47,325	42,204	12,675	210,727	46,657	106,586
Total current liabilities	9,966,606	60,744	141,226	83,576	91,528	74,368	21,325	333,554	95,207	197,206
Annuities payable	342,045	-	-	-	-	-	-	-	-	-
Other long-term liabilities:										
Long-term note payable, net of current maturities	8,303,241	-	-	-	-	-	-	-	-	-
Intercompany obligation	-	25,070	67,194	51,934	52,227	13,996	-	174,958	87,275	74,153
Total long-term liabilities	8,645,286	25,070	67,194	51,934	52,227	13,996	-	174,958	87,275	74,153
Total liabilities	18,611,892	85,814	208,420	135,510	143,755	88,364	21,325	508,512	182,482	271,359
Net Assets (Deficit) - Beginning of year	32,847,892	614,196	180,576	235,130	59,254	92,244	(133,479)	1,369,014	(457,558)	98,037
Change in Net Assets	5,993,868	111,786	(100,512)	117,824	132,341	72,936	13,999	208,687	(19,732)	268,717
Net Assets (Deficit) - End of year	38,841,760	725,982	80,064	352,954	191,595	165,180	(119,480)	1,577,701	(477,290)	366,754
Total Liabilities and Net Assets (Deficit)	**$ 57,453,652**	**$ 811,796**	**$ 288,484**	**$ 488,464**	**$ 335,350**	**$ 253,544**	**$ (98,155)**	**$ 2,086,213**	**$ (294,808)**	**$ 638,113**

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)
December 31, 2013

	Northwest Iowa	South Central Iowa	Maryland	Michigan	Minnesota	Mississippi	Missouri	New England	New Jersey
Liabilities and Net Assets (Deficit)									
Liabilities									
Current liabilities:									
Accounts payable and accrued expenses	$ 5,100	$ 398	$ (87)	$ 42,397	$ 438	$ 4,653	$ (1,899)	$ (768)	$ 1,979
Deferred revenue	25,269	30,909	53,650	161,731	25,750	21,881	45,526	30,815	43,989
Current maturities of long-term debt	-	-	-	-	-	-	-	-	-
Employee compensation and benefits	29,892	35,310	51,205	1,803,790	34,000	39,946	35,719	41,162	56,155
Total current liabilities	60,261	66,617	104,768	2,007,918	60,188	66,480	79,346	71,209	102,123
Annuities payable	-	-	-	-	-	-	-	-	-
Other long-term liabilities:									
Long-term note payable, net of current maturities	-	-	-	720,000	-	-	-	-	-
Intercompany obligation	39,876	32,709	40,180	1,202,228	26,239	37,530	27,331	28,249	33,389
Total long-term liabilities	39,876	32,709	40,180	1,922,228	26,239	37,530	27,331	28,249	33,389
Total liabilities	100,137	99,326	144,948	3,930,146	86,427	104,010	106,677	99,458	135,512
Net Assets (Deficit) - Beginning of year	(209,220)	852,814	62,473	4,212,526	(377,536)	586,932	97,318	(32,570)	(254,063)
Change in Net Assets	(70,418)	(453,894)	69,716	2,187,696	94,447	(29,332)	192,335	(71,240)	32,532
Net Assets (Deficit) - End of year	(279,638)	398,920	132,189	6,400,222	(283,089)	557,600	289,653	(103,810)	(221,531)
Total Liabilities and Net Assets (Deficit)	**$ (179,501)**	**$ 498,246**	**$ 277,137**	**$ 10,330,368**	**$ (196,662)**	**$ 661,610**	**$ 396,330**	**$ (4,352)**	**$ (86,019)**

Consolidating Statement of Financial Position (Continued)
December 31, 2013

	North Carolina	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina	Eastern South Dakota	Western South Dakota	Greater Chattanooga	East Tennessee	Middle Tennessee
Liabilities and Net Assets (Deficit)										
Liabilities										
Current liabilities:										
Accounts payable and accrued expenses	$ 18,260	$ 4,883	$ 27,746	$ (495)	$ (235)	$ -	$ 192	$ (403)	$ 164	$ (109)
Deferred revenue	49,237	48,951	40,058	22,250	46,339	21,325	12,700	14,745	41,151	16,695
Current maturities of long-term debt	-	-	-	-	-	-	-	-	-	-
Employee compensation and benefits	45,898	93,773	118,929	39,838	52,025	21,118	17,664	24,659	27,468	7,326
Total current liabilities	113,395	147,607	186,733	61,593	98,129	42,443	30,556	39,001	68,783	23,912
Annuities payable	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities:										
Long-term note payable, net of current maturities	-	-	-	-	-	-	-	-	-	-
Intercompany obligation	35,475	41,384	162,648	26,340	58,724	10,320	7,357	22,709	17,932	17,598
Total long-term liabilities	35,475	41,384	162,648	26,340	58,724	10,320	7,357	22,709	17,932	17,598
Total liabilities	148,870	188,991	349,381	87,933	156,853	52,763	37,913	61,710	86,715	41,510
Net Assets (Deficit) - Beginning of year	809,563	336,394	579,272	37,159	(93,732)	126,103	3,727	(290,547)	(17,786)	(710,589)
Change in Net Assets	(187,941)	26,297	164,707	(111,376)	174,092	(1,775)	120,508	1,483	108,864	25,446
Net Assets (Deficit) - End of year	621,622	362,691	743,979	(74,217)	80,360	124,328	124,235	(289,064)	91,078	(685,143)
Total Liabilities and Net Assets (Deficit)	**$ 770,492**	**$ 551,682**	**$ 1,093,360**	**$ 13,716**	**$ 237,213**	**$ 177,091**	**$ 162,148**	**$ (227,354)**	**$ 177,793**	**$ (643,633)**

Bethany Christian Services

Consolidating Statement of Financial Position (Continued)
December 31, 2013

	West Tennessee	Virginia	Washington	Wisconsin	Bethany Christian Services Global LLC	Bethany's Thrift Store	Corporate	Bethany Christian Foundation LLC
Liabilities and Net Assets (Deficit)								
Liabilities								
Current liabilities:								
Accounts payable and accrued expenses	$ 1,689	$ 9,845	$ 1,587	$ 2,848	$ 667,288	$ 5,086	$ 1,523,360	$ -
Deferred revenue	16,470	114,808	50,663	67,493	1,147,142	-	-	-
Current maturities of long-term debt	-	-	-	-	-	-	585,298	-
Employee compensation and benefits	27,273	74,686	40,833	67,747	94,410	5,719	932,565	-
Total current liabilities	45,432	199,339	93,083	138,088	1,908,840	10,805	3,041,223	-
Annuities payable	-	-	-	-	-	-	342,045	-
Other long-term liabilities:								
Long-term note payable, net of current maturities	-	-	-	-	-	-	7,583,241	-
Intercompany obligation	32,590	86,007	78,759	65,364	125,261	-	(2,803,006)	-
Total long-term liabilities	32,590	86,007	78,759	65,364	125,261	-	5,122,280	-
Total liabilities	78,022	285,346	171,842	203,452	2,034,101	10,805	8,163,503	-
Net Assets (Deficit) - Beginning of year	(271,546)	(274,930)	(913,106)	6,589	395,365	-	10,578,918	15,550,950
Change in Net Assets	(43,354)	107,116	(227,417)	19,316	78,839	5,291	10,230	2,965,654
Net Assets (Deficit) - End of year	(314,900)	(167,814)	(1,140,523)	25,905	474,204	5,291	10,589,148	18,516,604
Total Liabilities and Net Assets (Deficit)	**$ (236,878)**	**$ 117,532**	**$ (968,681)**	**$ 229,357**	**$ 2,508,305**	**$ 16,096**	**$ 18,752,651**	**$ 18,516,604**

Bethany Christian Services

Consolidating Statement of Activities
Year Ended December 31, 2013

	Total	Arkansas	Northern California	Southern California	Colorado	Florida	Gulf Coast	Georgia	Illinois	Central Indiana
Operating Revenues and Other Support										
Contributions	$ 13,160,865	$ 162,815	$ 713,160	$ 316,547	$ 168,101	$ 94,959	$ 84,988	$ 394,793	$ 267,293	$ 349,075
Child support	47,711,446	-	49,750	-	773,796	240,097	-	4,943,724	6,750	1,113,171
Service fees	28,527,680	442,076	625,506	596,513	561,432	596,073	228,465	1,784,876	304,651	947,036
Investments and other	4,720,454	6,183	(3,724)	1,976	906	3,969	(3,551)	115,790	10,213	18,854
Total operating revenue and other support	94,120,445	611,074	1,384,692	915,036	1,504,235	935,098	309,902	7,239,183	588,907	2,428,136
Operating Expenses										
Salaries	40,346,654	196,148	718,018	323,943	479,879	334,365	125,135	2,796,678	260,172	959,889
Fringes	7,988,284	72,327	54,985	29,901	17,959	22,506	29,704	248,600	88,151	56,539
Taxes	2,990,483	14,277	54,053	27,400	35,937	25,205	9,201	207,504	19,068	71,983
Professional fees	3,983,875	4,952	12,170	23,462	76,088	82,175	15,763	217,401	5,908	9,313
Supplies	733,527	1,673	17,833	4,939	6,924	7,415	1,499	51,581	4,431	3,779
Telephone	953,825	9,899	23,397	16,404	19,223	10,896	6,501	77,872	6,503	31,027
Postage	493,546	3,814	11,076	5,892	6,409	5,677	1,651	20,765	4,920	6,907
Occupancy	4,091,484	15,493	79,731	67,090	42,702	25,016	19,493	339,737	23,082	89,103
Printing	480,837	2,671	11,136	4,490	5,188	5,199	1,513	23,898	5,550	9,390
Information technology	984,914	5,076	9,521	2,416	4,775	8,924	952	51,438	1,792	6,094
Equipment and furnishings	212,406	520	6,440	1,864	2,095	3,077	-	8,533	1,315	713
Travel	3,664,875	17,758	44,697	28,052	55,701	70,788	10,270	158,503	23,870	156,691
Conferences and meetings	804,688	3,458	14,222	7,694	12,505	9,314	2,641	217,492	3,794	3,523
Advertising	1,552,317	24,375	23,849	62,123	2,922	9,049	6,941	109,635	15,399	39,394
Special assistance	13,342,659	16,168	57,782	30,367	403,879	55,907	12,690	1,409,883	18,730	332,038
Overseas contributions	1,575,474	-	-	-	-	-	-	-	-	-
Program development	118,245	-	-	-	936	2,919	-	5,000	-	-
Payment processing fees	375,341	8,907	14,225	13,355	9,373	11,585	2,508	15,001	7,937	21,437
Educational and promotional materials	223,580	1,731	3,512	263	1,204	1,128	64	9,644	1,458	1,114
Fundraising event costs	1,005,320	21,484	60,164	42	6,675	24,560	5,851	38,340	14,335	18,895
Bad debt	111,219	-	-	(385)	4,882	600	(702)	31,429	-	3,235
Miscellaneous	991,007	1,934	11,960	14,905	4,211	4,822	1,576	9,624	3,386	5,477
Depreciation	1,102,017	520	18,524	1,760	3,355	1,645	377	20,592	2,319	4,150
Support services	-	76,103	237,909	131,235	169,072	139,390	42,275	961,346	96,519	328,728
Total operating expenses	88,126,577	499,288	1,485,204	797,212	1,371,894	862,162	295,903	7,030,496	608,639	2,159,419
Change in Net Assets From Operating Activities	**$ 5,993,868**	**$ 111,786**	**$ (100,512)**	**$ 117,824**	**$ 132,341**	**$ 72,936**	**$ 13,999**	**$ 208,687**	**$ (19,732)**	**$ 268,717**

Consolidating Statement of Activities (Continued)
Year Ended December 31, 2013

	Northwest Iowa	South Central Iowa	Maryland	Michigan	Minnesota	Mississippi	Missouri	New England	New Jersey
Operating Revenues and Other Support									
Contributions	$ 259,153	$ (263,012)	$ 218,322	$ 2,873,838	$ 138,472	$ 529,599	$ 213,499	$ 375,470	$ 359,514
Child support	3,241	85,548	193,916	35,640,853	146,121	-	101,905	167,566	65,083
Service fees	279,397	554,480	553,269	7,731,423	499,538	226,820	632,783	410,368	769,719
Investments and other	37,598	7,117	176	180,735	5,405	17,372	7,060	1,946	12,070
Total operating revenue and other support	579,389	384,133	965,683	46,426,849	789,536	773,791	955,247	955,350	1,206,386
Operating Expenses									
Salaries	329,368	323,423	359,485	18,177,889	365,871	336,836	331,199	438,168	580,958
Fringes	25,535	68,390	50,498	3,572,431	(16,689)	108,960	17,287	109,818	28,059
Taxes	23,703	23,358	27,232	1,350,699	27,671	24,774	24,645	32,820	43,899
Professional fees	20,198	58,734	20,899	462,338	11,182	15,317	17,384	35,856	21,272
Supplies	4,364	5,082	8,400	313,209	6,200	2,087	8,375	3,830	9,226
Telephone	10,784	16,410	14,176	324,019	12,985	9,941	10,760	17,918	16,697
Postage	4,075	3,245	4,876	83,219	4,943	4,605	6,226	4,635	10,005
Occupancy	24,194	54,910	91,730	1,581,515	53,316	43,870	28,467	50,799	57,236
Printing	3,787	4,301	5,363	110,041	8,294	5,575	8,828	8,103	6,326
Information technology	3,977	6,907	6,109	403,821	5,521	6,265	6,942	7,422	8,074
Equipment and furnishings	3,256	276	3,069	115,865	1,923	5,259	412	183	2,392
Travel	26,180	30,447	28,324	1,701,992	28,549	14,907	47,775	61,595	39,448
Conferences and meetings	2,989	4,863	10,036	214,555	5,885	4,524	10,036	9,696	4,365
Advertising	12,128	15,343	58,419	438,456	15,085	36,245	22,451	14,570	63,315
Special assistance	13,967	63,138	20,292	9,365,566	8,580	8,509	57,351	29,978	35,545
Overseas contributions	-	-	-	3,288	-	-	-	-	500
Program development	-	-	54	19,083	-	275	351	219	1,200
Payment processing fees	3,098	10,811	12,177	45,372	11,659	2,424	7,976	6,500	14,416
Educational and promotional materials	1,222	249	1,156	37,560	1,174	1,843	3,203	671	611
Fundraising event costs	11,307	12,092	22,218	260,215	21,282	43,229	16,265	33,000	27,666
Bad debt	1,485	1,692	1,250	18,498	910	-	-	-	400
Miscellaneous	12,207	1,695	5,664	247,667	2,475	2,032	8,541	5,163	3,530
Depreciation	1,458	4,615	4,791	398,237	1,688	2,778	2,106	900	2,623
Support services	110,525	128,046	139,749	4,993,620	116,585	122,868	126,332	154,746	196,091
Total operating expenses	649,807	838,027	895,967	44,239,153	695,089	803,123	762,912	1,026,590	1,173,854
Change in Net Assets From Operating Activities	**$ (70,418)**	**$ (453,894)**	**$ 69,716**	**$ 2,187,696**	**$ 94,447**	**$ (29,332)**	**$ 192,335**	**$ (71,240)**	**$ 32,532**

Bethany Christian Services

Consolidating Statement of Activities (Continued)
Year Ended December 31, 2013

	North Carolina	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina	Eastern South Dakota	Western South Dakota	Greater Chattanooga	East Tennessee	Middle Tennessee
Operating Revenues and Other Support										
Contributions	$ (64,203)	$ 324,458	$ 586,251	$ 142,173	$ 309,333	$ 148,065	$ 205,931	$ 268,776	$ 242,440	$ 77,173
Child support	55,148	902,305	1,792,191	357,299	13,940	1,420	-	-	-	-
Service fees	760,366	1,167,517	940,499	534,523	679,730	230,962	185,829	209,529	456,332	404,589
Investments and other	4,468	82,214	3,067	1,305	60	2,975	9,850	(3,221)	(347)	(12,604)
Total operating revenue and other support	755,779	2,476,494	3,322,008	1,035,300	1,003,063	383,422	401,610	475,084	698,425	469,158
Operating Expenses										
Salaries	360,036	1,116,412	1,289,012	436,284	377,259	181,278	131,404	147,194	249,615	149,004
Fringes	116,993	156,110	209,749	81,530	57,555	17,912	(441)	91,890	25,868	146
Taxes	26,867	83,970	94,045	32,543	27,417	13,506	10,044	11,012	18,521	9,101
Professional fees	49,667	30,963	18,046	47,734	14,069	17,893	8,408	7,367	30,352	20,848
Supplies	3,692	23,889	25,562	18,946	2,660	3,926	2,914	4,089	5,890	5,102
Telephone	11,315	31,940	32,645	18,985	15,508	5,280	6,471	7,363	15,263	8,771
Postage	5,717	10,047	13,957	7,342	6,220	4,027	2,653	4,144	4,722	3,993
Occupancy	54,477	117,078	121,869	83,103	69,077	20,637	17,284	33,684	44,153	60,037
Printing	4,781	12,644	14,580	10,245	6,962	2,849	2,090	2,825	3,663	3,858
Information technology	3,958	17,899	9,084	11,212	5,828	1,725	4,264	727	9,005	2,742
Equipment and furnishings	937	3,707	3,922	720	2,057	300	50	3,737	356	404
Travel	29,834	79,533	83,321	61,619	15,403	12,622	11,044	13,024	27,566	25,178
Conferences and meetings	3,864	11,844	8,898	14,736	2,689	3,780	963	8,311	2,919	2,512
Advertising	27,064	33,231	56,101	37,892	28,538	16,873	10,469	13,680	14,834	15,550
Special assistance	78,230	276,323	598,811	86,139	30,421	4,505	9,716	14,543	15,510	32,407
Overseas contributions	-	-	-	-	-	-	-	24	-	-
Program development	-	170	225	200	-	-	-	764	-	64
Payment processing fees	11,292	10,216	12,788	7,743	12,966	5,132	4,628	1,950	5,627	6,672
Educational and promotional materials	640	3,322	1,731	2,289	793	2,048	1,727	1,643	1,238	871
Fundraising event costs	14,033	35,427	56,327	19,549	22,774	11,390	10,771	41,257	9,929	15,100
Bad debt	-	35	11,219	5,100	3,120	(8,603)	-	-	-	410
Miscellaneous	1,193	18,596	40,465	4,744	805	1,178	765	4,632	1,444	4,185
Depreciation	2,317	10,823	17,052	3,880	958	480	1,021	1,246	2,920	2,897
Support services	136,813	366,018	437,892	154,141	125,892	66,459	44,857	58,495	100,166	73,860
Total operating expenses	943,720	2,450,197	3,157,301	1,146,676	828,971	385,197	281,102	473,601	589,561	443,712
Change in Net Assets From Operating Activities	**$ (187,941)**	**$ 26,297**	**$ 164,707**	**$ (111,376)**	**$ 174,092**	**$ (1,775)**	**$ 120,508**	**$ 1,483**	**$ 108,864**	**$ 25,446**

Bethany Christian Services

Consolidating Statement of Activities (Continued)
Year Ended December 31, 2013

	West Tennessee	Virginia	Washington	Wisconsin	Bethany Christian Services Global LLC	Bethany's Thrift Store	Corporate	Bethany Christian Foundation LLC
Operating Revenues and Other Support								
Contributions	$ 165,037	$ 280,605	$ 257,717	$ 283,806	$ 1,240,903	$ -	$ 699,943	$ 735,871
Child support	99,462	265,557	247,267	358,977	86,359	-	-	-
Service fees	265,232	1,180,912	775,595	648,506	2,343,134	-	-	-
Investments and other	(6,135)	(1,558)	(7,966)	41,539	214,587	215,257	1,477,131	2,279,737
Total operating revenue and other support	523,596	1,725,516	1,272,613	1,332,828	3,884,983	215,257	2,177,074	3,015,608
Operating Expenses								
Salaries	218,940	666,665	539,716	614,667	950,875	69,582	5,411,287	-
Fringes	58,649	89,399	58,124	137,014	296,093	6,667	2,000,065	-
Taxes	18,064	49,494	39,418	45,163	70,003	5,048	392,838	-
Professional fees	34,504	53,826	85,002	24,347	129,846	23,166	2,227,471	49,954
Supplies	5,805	16,489	13,902	9,678	12,716	8,749	108,671	-
Telephone	6,123	32,770	29,411	13,724	9,956	1,554	71,334	-
Postage	10,767	9,906	9,134	9,254	69,612	1,365	127,746	-
Occupancy	30,554	148,363	118,515	73,672	67,386	26,420	317,691	-
Printing	2,929	12,030	4,062	9,243	7,120	2,892	148,411	-
Information technology	3,365	5,376	9,517	8,047	52,333	902	292,904	-
Equipment and furnishings	950	2,241	788	1,095	1,706	2,351	29,893	-
Travel	17,933	60,752	63,327	64,999	117,421	7,634	428,118	-
Conferences and meetings	1,919	9,722	10,479	11,414	19,754	527	148,765	-
Advertising	10,612	93,906	24,295	9,249	6,195	5,071	179,058	-
Special assistance	36,891	30,590	149,337	10,067	27,318	-	1,481	-
Overseas contributions	-	-	-	-	1,238,128	-	333,534	-
Program development	-	-	-	-	62,474	-	24,311	-
Payment processing fees	3,321	22,572	20,410	14,248	3,856	2,262	10,897	-
Educational and promotional materials	775	3,234	940	938	1,827	-	131,757	-
Fundraising event costs	7,472	37,291	36,658	29,847	-	-	19,875	-
Bad debt	3,223	-	33,421	-	-	-	-	-
Miscellaneous	3,371	2,283	18,604	6,770	141,688	15,882	377,532	-
Depreciation	1,878	3,403	3,863	3,325	38,414	5,553	529,550	-
Support services	88,905	268,088	231,107	216,751	481,423	24,341	(11,146,347)	-
Total operating expenses	566,950	1,618,400	1,500,030	1,313,512	3,806,144	209,966	2,166,842	49,954
Change in Net Assets From Operating Activities	**$ (43,354)**	**$ 107,116**	**$ (227,417)**	**$ 19,316**	**$ 78,839**	**$ 5,291**	**$ 10,232**	**$ 2,965,654**

Bethany Christian Services

St. Louis Schedule of Project Unit Cost
Year Ended December 31, 2013

	Total Expenses	St. Louis County Expenses
Project Expenses		
Salaries	$ 89,716	$ 51,182
Fringes	23,029	13,138
Outside Services, Contracted	854	487
Supplies	1,347	768
Telephone	2,490	1,421
Telephone, Internet Access	269	153
Printing	4,043	2,306
Postage	572	326
Rent	8,808	5,025
Utilities	2,651	1,512
Advertising	3,595	2,051
Computers, Hardware	4,860	2,773
Computers, Software	160	91
Travel	10,242	5,843
Client Assistance	1,529	872
Conferences	460	262
Staff, Board, and Group Meetings	597	341
Special Events	546	311
Memberships & Dues	4,995	2,850
Equipment & Furnishings	421	240
Support Services-Nonbillable	12,657	7,221
Miscellaneous	672	383
Total Program Services	174,513	99,556
Less: Not applicable to County: Support Services-Nonbillable	12,657	7,221
Less: Not applicable to County: Branch Fundraising	417	238
Total Direct Project Expenses	161,439	92,097
Add: Indirect (Administrative) Expenses: Support Services-Billable	22,807	13,011
Total Project Expenses	**$ 184,246**	**$ 105,108**
Total Units Served	**3,178**	**1,813**
Cost Per Unit	**$ 57.98**	**$ 57.98**