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# Bethany Christian Services

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**Consolidated Financial Report  
with Additional Information  
December 31, 2017**

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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, 2017 and 2016 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 opinions.

### ***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, 2017 and 2016 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Bethany Christian Services

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2018 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 13, 2018

## Bethany Christian Services

# Consolidated Statement of Financial Position

December 31, 2017 and 2016

	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,562,701	\$ 3,384,158
Investments (Note 3)	33,692,845	30,713,071
Receivables - Net of allowances	14,144,705	13,214,573
Prepaid expenses and other current assets:		
Prepaid expenses	1,285,223	1,053,788
Deposits	311,868	209,274
Total current assets	52,997,342	48,574,864
<b>Property and Equipment - Net (Note 4)</b>	17,715,895	17,413,896
<b>Other Assets</b>	220,000	-
<b>Investment in Unconsolidated Affiliate (Note 3)</b>	538,148	559,813
Total assets	<u><u>\$ 71,471,385</u></u>	<u><u>\$ 66,548,573</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,839,164	\$ 2,662,814
Accrued employee compensation and benefits	6,453,162	5,523,726
Deferred revenue	2,544,086	2,836,792
Current portion of long-term debt (Note 7)	4,831,503	599,103
Total current liabilities	16,667,915	11,622,435
<b>Long-term Debt - Net of current portion (Note 7)</b>	3,506,743	7,993,702
<b>Annuities Payable (Note 5)</b>	297,235	309,467
Total liabilities	20,471,893	19,925,604
<b>Net Assets</b>		
Unrestricted:		
Undesignated	29,620,718	26,485,079
Board designated (Note 10)	19,569,081	18,213,840
Temporarily restricted (Note 10)	1,623,883	1,744,725
Permanently restricted (Note 10)	185,810	179,325
Total net assets	50,999,492	46,622,969
Total liabilities and net assets	<u><u>\$ 71,471,385</u></u>	<u><u>\$ 66,548,573</u></u>

## Bethany Christian Services

# Consolidated Statement of Activities and Changes in Net Assets

Years Ended December 31, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenue and Support</b>								
Contributions	\$ 16,476,922	\$ 479,821	\$ 3,620	\$ 16,960,363	\$ 13,736,273	\$ 2,205,641	\$ 4,642	\$ 15,946,556
Child support	74,489,333	-	-	74,489,333	68,591,691	-	-	68,591,691
Service fees	23,349,440	-	-	23,349,440	22,586,358	-	-	22,586,358
Investments and other	5,180,480	92,764	2,865	5,276,109	4,155,002	64,720	2,009	4,221,731
Total revenue and support	119,496,175	572,585	6,485	120,075,245	109,069,324	2,270,361	6,651	111,346,336
Net assets released from restrictions	693,427	(693,427)	-	-	1,015,486	(1,015,486)	-	-
Total revenue, support, and net assets released from restrictions	120,189,602	(120,842)	6,485	120,075,245	110,084,810	1,254,875	6,651	111,346,336
<b>Expenses</b>								
Program services:								
Adoption	22,605,733	-	-	22,605,733	22,767,387	-	-	22,767,387
Foster care	30,934,269	-	-	30,934,269	27,487,059	-	-	27,487,059
Youth services	2,463,194	-	-	2,463,194	2,359,332	-	-	2,359,332
International social services	1,336,642	-	-	1,336,642	1,224,090	-	-	1,224,090
Refugee and immigrant services	25,199,502	-	-	25,199,502	22,072,436	-	-	22,072,436
Counseling	10,601,627	-	-	10,601,627	10,149,691	-	-	10,149,691
Residential treatment	2,016,925	-	-	2,016,925	1,943,134	-	-	1,943,134
Sponsorship	826,860	-	-	826,860	435,644	-	-	435,644
Other programs	2,794,950	-	-	2,794,950	3,302,699	-	-	3,302,699
Total program services	98,779,702	-	-	98,779,702	91,741,472	-	-	91,741,472
Support services:								
Management and general	10,989,423	-	-	10,989,423	10,011,512	-	-	10,011,512
Fundraising	5,929,597	-	-	5,929,597	5,607,018	-	-	5,607,018
Total expenses	115,698,722	-	-	115,698,722	107,360,002	-	-	107,360,002
<b>Increase in Net Assets</b>	4,490,880	(120,842)	6,485	4,376,523	2,724,808	1,254,875	6,651	3,986,334
<b>Net Assets - Beginning of year</b>	44,698,919	1,744,725	179,325	46,622,969	41,974,111	489,850	172,674	42,636,635
<b>Net Assets - End of year</b>	<b>\$ 49,189,799</b>	<b>\$ 1,623,883</b>	<b>\$ 185,810</b>	<b>\$ 50,999,492</b>	<b>\$ 44,698,919</b>	<b>\$ 1,744,725</b>	<b>\$ 179,325</b>	<b>\$ 46,622,969</b>

See notes to consolidated financial statements.

## Bethany Christian Services

# Consolidated Statement of Functional Expenses

Year Ended December 31, 2017

	Adoption	Foster Care	Youth Services	International Social Services	Refugee and Immigrant Services	Counseling	Residential Treatment	Sponsorship	Other Programs	Management and General	Fundraising	Total
<b>Operating Expenses</b>												
Salaries	\$11,937,854	\$11,671,485	\$1,001,999	\$ 130,095	\$10,454,981	\$ 5,406,858	\$1,213,952	\$ 155,353	\$1,377,185	\$ 5,867,690	\$ 2,090,470	\$ 51,307,922
Fringes	2,674,571	2,449,300	305,350	33,970	2,359,488	987,299	252,465	48,910	355,412	1,058,672	471,002	10,996,439
Taxes	877,292	858,843	72,274	9,268	769,761	397,876	90,143	11,209	101,705	420,427	154,737	3,763,535
Professional fees	554,694	193,154	291,444	69,181	1,174,875	435,391	1,260	194,489	50,545	952,034	773,809	4,690,876
Supplies	179,784	128,985	59,667	489	166,195	72,187	29,175	113	39,574	60,274	18,280	754,723
Telephone	314,630	276,203	8,802	438	197,979	146,452	3,021	-	27,107	36,849	24,296	1,035,777
Postage	178,253	40,065	737	104	15,645	21,446	647	2,118	5,801	81,807	107,505	454,128
Occupancy	1,767,591	1,134,873	88,690	4,051	1,245,123	618,108	81,525	39	124,514	279,943	113,675	5,458,132
Printing	137,331	47,411	1,877	275	24,758	32,389	499	21,834	20,413	70,117	424,324	781,228
Information technology	421,947	461,671	35,931	2,797	351,650	165,148	37,589	20,869	30,250	9,957	37,236	1,575,045
Equipment and furnishings	48,890	28,856	3,937	8	38,883	17,028	6,178	-	9,974	29,166	5,470	188,390
Travel	800,352	1,049,153	50,727	41,763	636,275	490,333	26,717	36,127	54,847	513,883	278,379	3,978,556
Conferences and meetings	282,305	195,503	35,727	1,050	110,659	61,577	2,697	1,157	54,071	196,523	147,506	1,088,775
Advertising	822,992	367,346	6,772	-	114,491	490,445	300	13,335	43,239	393,522	4,169	2,256,611
Special assistance	679,815	11,718,762	468,589	40	7,245,268	1,062,856	215,022	1,678	206,713	-	5,322	21,604,065
Overseas contributions	216,577	-	-	936,461	-	-	-	264,524	1,039	-	-	1,418,601
Program development	7,000	-	-	6,599	1,568	-	-	-	-	-	-	15,167
Payment processing fees	306,682	1,997	11	1,174	855	20,664	-	3,392	35,151	4,506	2,690	377,122
Educational and promotional materials	17,223	21,474	382	196	4,118	9,909	863	782	6,808	139,904	73,637	275,296
Miscellaneous fund raising	-	-	-	-	-	-	-	-	-	-	1,110,858	1,110,858
Bad debt	7,692	16,416	-	-	1,000	45,750	-	-	-	39,000	-	109,858
Miscellaneous	215,186	152,086	12,994	98,238	64,247	86,173	3,916	3,333	83,318	366,511	58,959	1,144,961
Depreciation	157,072	120,686	17,284	445	221,683	33,738	50,956	47,598	167,284	468,638	27,273	1,312,657
<b>Total operating expenses</b>	<b>\$22,605,733</b>	<b>\$30,934,269</b>	<b>\$2,463,194</b>	<b>\$ 1,336,642</b>	<b>\$25,199,502</b>	<b>\$10,601,627</b>	<b>\$2,016,925</b>	<b>\$ 826,860</b>	<b>\$2,794,950</b>	<b>\$10,989,423</b>	<b>\$ 5,929,597</b>	<b>\$115,698,722</b>

## Bethany Christian Services

# Consolidated Statement of Functional Expenses

Year Ended December 31, 2016

	Adoption	Foster Care	Youth Services	International Social Services	Refugee and Immigrant Services	Counseling	Residential Treatment	Sponsorship	Other Programs	Management and General	Fundraising	Total
<b>Operating Expenses</b>												
Salaries	\$11,420,634	\$10,062,507	\$ 860,945	\$ 124,542	\$ 8,902,027	\$ 5,071,053	\$1,144,084	\$ 84,505	\$1,475,834	\$ 5,188,604	\$ 2,038,642	\$ 46,373,377
Fringes	2,683,290	2,272,896	278,436	29,120	2,017,202	990,560	284,765	20,971	432,437	986,630	429,189	10,425,496
Taxes	842,461	740,440	63,041	8,892	657,257	372,466	85,130	6,168	111,219	372,105	150,131	3,409,310
Professional fees	1,109,455	251,221	169,304	55,128	669,573	356,890	36,817	47,752	112,170	801,870	890,873	4,501,053
Supplies	150,522	121,041	141,293	758	165,495	73,649	26,726	44	53,104	50,440	18,571	801,643
Telephone	330,480	251,909	11,243	1,546	162,184	152,125	3,734	65	33,563	38,689	24,555	1,010,093
Postage	197,380	39,177	841	9	14,527	20,304	971	1,487	12,758	72,125	144,586	504,165
Occupancy	1,700,060	1,004,941	205,753	5,337	969,991	567,473	48,593	-	147,456	282,572	112,045	5,044,221
Printing	136,159	52,938	4,780	861	20,443	42,887	136	382	30,403	42,059	374,007	705,055
Information technology	402,901	345,716	36,652	3,067	348,890	141,602	33,670	3,326	52,351	2,374	41,377	1,411,926
Equipment and furnishings	56,077	27,871	35,083	68	70,333	33,717	9,962	-	4,472	30,358	8,636	276,577
Travel	836,822	1,021,982	50,031	45,878	542,740	442,253	22,129	15,216	33,882	391,922	222,885	3,625,740
Conferences and meetings	224,545	150,778	19,062	1,047	110,542	49,745	9,441	295	71,427	168,328	117,279	922,489
Advertising	736,343	386,437	9,138	-	75,154	473,926	180	-	95,553	409,806	13,305	2,199,842
Special assistance	694,941	10,495,077	446,759	-	7,114,578	1,074,308	183,484	1,866	140,543	492	203	20,152,251
Overseas contributions	467,328	-	-	859,366	-	-	-	249,566	1,142	-	-	1,577,402
Program development	3,777	15	-	-	103	-	-	-	-	-	-	3,895
Payment processing fees	320,242	1,824	9	1,744	817	15,850	-	3,629	46,281	1,560	3,049	395,005
Educational and promotional materials	13,766	12,788	502	162	4,239	10,036	29	-	2,160	142,089	25,797	211,568
Miscellaneous fund raising	-	-	-	-	-	-	-	-	-	-	923,504	923,504
Bad debt	71,606	1,799	-	-	-	144,780	277	-	-	-	-	218,462
Miscellaneous	197,180	125,292	9,947	85,914	65,933	84,289	3,173	372	285,095	613,721	45,328	1,516,244
Depreciation	171,418	120,410	16,513	651	160,408	31,778	49,833	0	160,849	415,768	23,056	1,150,684
<b>Total operating expenses</b>	<b>\$22,767,387</b>	<b>\$27,487,059</b>	<b>\$2,359,332</b>	<b>\$ 1,224,090</b>	<b>\$22,072,436</b>	<b>\$10,149,691</b>	<b>\$1,943,134</b>	<b>\$ 435,644</b>	<b>\$3,302,699</b>	<b>\$10,011,512</b>	<b>\$ 5,607,018</b>	<b>\$107,360,002</b>



**Consolidated Statement of Cash Flows**

**Years Ended December 31, 2017 and 2016**

	2017	2016
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 4,376,523	\$ 3,986,334
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	1,312,657	1,150,684
Loss on disposal of property and equipment	69,497	629,291
Bad debt expense	109,858	218,462
Net realized and unrealized gains on investments	(2,679,949)	(1,746,311)
Earnings on unconsolidated affiliate	(42,335)	(38,462)
Distributions from unconsolidated affiliate	64,000	64,000
Net present value adjustment of annuities payable	27,754	46,271
Permanently restricted contributions received	(3,620)	(4,642)
Changes in operating assets and liabilities which (used) provided cash and cash equivalents:		
Receivables	(1,039,990)	(1,380,055)
Prepaid expenses and other assets	(524,029)	168,753
Accounts payable	176,350	163,549
Accrued and other liabilities	929,436	448,247
Deferred revenue	(292,706)	363,876
	2,483,446	4,069,997
Net cash and cash equivalents provided by operating activities		
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(2,595,486)	(4,309,187)
Proceeds from disposition of property and equipment	911,333	267,542
Purchases of investments	(3,786,856)	(3,782,506)
Proceeds from sales and maturities of investments	3,487,031	3,518,297
	(1,983,978)	(4,305,854)
Net cash and cash equivalents used in investing activities		
<b>Cash Flows from Financing Activities</b>		
Proceeds from debt	864,168	7,404,189
Payments on debt	(1,118,727)	(5,538,882)
Payments on annuities payable	(39,986)	(40,417)
Payments on revolving credit facilities	750,000	1,250,000
Draws on revolving credit facilities	(750,000)	(2,450,000)
Permanently restricted contributions received	3,620	4,642
	(290,925)	629,532
Net cash and cash equivalents (used in) provided by financing activities		
<b>Net Increase in Cash and Cash Equivalents</b>	208,543	393,675
<b>Cash and Cash Equivalents - Beginning of year</b>	3,384,158	2,990,483
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 3,592,701</b>	<b>\$ 3,384,158</b>
<b>Supplemental Cash Flow Information - Cash paid for interest</b>	\$ 185,722	\$ 155,890

December 31, 2017 and 2016

### Note 1 - Nature of Business

Bethany Christian Services (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 37 states plus Washington, D.C., with the central business office located in Grand Rapids, Michigan. Approximately 65 and 62 percent of operating revenue in 2017 and 2016, respectively, was derived from services provided under contract with governmental units.

### Note 2 - Significant Accounting Policies

#### *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 including Bethany Christian Services USA, LLC, Bethany Christian Services Global, LLC, and Bethany Christian Foundation, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

#### *Use of Estimates*

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses 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 with an original maturity of three months or less when purchased 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, 2017 and 2016, the Organization had depository accounts with a financial institution in excess of federally insured limits.

#### *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.

**Note 2 - Significant Accounting Policies (Continued)**

***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 \$200,000 and \$175,000 at December 31, 2017 and 2016, 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, and three to five years for vehicles.

The Organization reports gifts of property and equipment as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of property 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 and equipment are reported as restricted support. Absent explicit donor stipulations about how long the property 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 and equipment.

Certain property 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, 2017 and 2016.

***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. Temporarily restricted net assets include accumulated endowment earnings and pledges not available for current purposes that will be released from restriction due to the passage of time. 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.

**Note 2 - Significant Accounting Policies (Continued)**

Contributions without donor-imposed restrictions are 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.

***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***

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 on several bases and estimates, as determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Income Taxes***

The Organization is a not-for-profit corporation and is exempt from tax under the 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, 2017 and 2016, 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.

***Advertising Expense***

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2017 and 2016 was \$2,256,609 and \$2,199,841, respectively.

***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.

The Organization's child support revenue category is made up of approximately 32 percent of contracts with state and federal agencies for international refugee services as of December 31, 2017 and 2016.

**Note 2 - Significant Accounting Policies (Continued)**

***Reclassification***

Certain 2016 amounts have been reclassified to conform to the 2017 presentation, including expenses for Youth Services program that was added.

***Upcoming Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending December 31, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Organization has not yet determined which application method it will use. This Organization anticipates this standard will have an impact on the consolidated financial statements, specifically related to certain child support and service fee contracts with customers. The Organization is continuing to assess all potential impacts.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. Upon implementation, the Organization's lease payment obligations will be recognized at their estimated present value along with a corresponding right-of-use asset. Lease expense recognition will be generally consistent with current practice.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Organization's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including March 13, 2018, which is the date the financial statements were available to be issued.

**Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

**Note 3 - Investments**

The details of the Organization's investments at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
Mutual funds	\$ 26,342,411	\$ 22,832,466
Pooled funds	320,299	320,375
Exchange-traded funds	<u>7,030,135</u>	<u>7,560,230</u>
Subtotal	33,692,845	30,713,071
Investment in unconsolidated affiliate	<u>538,148</u>	<u>559,813</u>
Total	<u>\$ 34,230,993</u>	<u>\$ 31,272,884</u>

Investment income consists of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 1,279,847	\$ 984,968
Realized and unrealized gains	<u>2,679,949</u>	<u>1,746,311</u>
Total	<u>\$ 3,959,796</u>	<u>\$ 2,731,279</u>

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 \$42,000 and \$43,000 and received a distribution of \$64,000 for each of the years ended December 31, 2017 and 2016, respectively. The Organization is the sole tenant of the real estate limited liability company and has incurred lease expenses of \$174,123 in 2017 and \$169,051 in 2016 related to an operating lease entered into in conjunction with the investment.

**Note 4 - Property and Equipment**

Property and equipment are summarized as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,431,935	\$ 1,487,813
Land improvements	1,516,713	1,459,001
Buildings and improvements	20,947,064	19,247,815
Transportation equipment	565,551	579,424
Furniture and fixtures	7,811,840	7,195,450
Construction in progress	<u>381,722</u>	<u>1,539,107</u>
Total cost	32,654,825	31,508,610
Accumulated depreciation	<u>14,938,930</u>	<u>14,094,714</u>
Net property and equipment	<u>\$ 17,715,895</u>	<u>\$ 17,413,896</u>

Depreciation expense for 2017 and 2016 was \$1,312,657 and \$1,150,684, respectively.

As of December 31, 2017, the Organization has no significant commitments related to capital improvements.

**Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

**Note 5 - 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 2012 Table for males and females) and the interest rate (discount rate), the applicable federal midterm rate for U.S. Treasury bills, in effect at the time of the gift. At December 31, 2017 and 2016, the Organization recorded \$297,235 and \$309,467, respectively, in annuities payable relating to such program.

**Note 6 - Operating Leases**

The Organization is obligated under operating leases primarily for office space and certain equipment and vehicles that expire through 2022.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2018	\$ 3,206,490
2019	2,539,346
2020	1,667,300
2021	719,432
2022	437,502
Total	<u>\$ 8,570,070</u>

Total rent expense on these leases for 2017 and 2016 was \$3,078,862 and \$2,783,889, respectively.

**Note 7 - Long-term Debt and Line of Credit**

The Organization has a \$5,000,000 line of credit from the bank. There were no outstanding borrowings at December 31, 2017 and 2016. The line of credit bears interest at LIBOR, plus 1.75 percent (an effective rate of 2.92 and 2.37 percent at December 31, 2017 and 2016, respectively). The line of credit is collateralized by the Organization's brokerage accounts and expires on May 9, 2018.

As of December 31, 2017 and 2016, the Organization had outstanding notes payable as follows:

	<u>2017</u>	<u>2016</u>
Barnabas Foundation note payable with principal payable upon the termination of the loan and interest due quarterly. Interest is a variable rate of LIBOR plus 1 percent (an effective rate of 2.56 and 1.62 percent at December 31, 2017 and 2016, respectively). The loan matures on June 21, 2018 and is unsecured	\$ 1,500,000	\$ 1,500,000
Holland building promissory note with principal payable upon the termination of the loan and interest due monthly. Interest is a variable rate of LIBOR plus 1.75 percent (an effective rate of 3.31 and 2.37 percent at December 31, 2017 and 2016, respectively). The loan matures on July 5, 2018 and is collateralized by the Holland property	1,354,670	1,025,000
Term loan payable in monthly principal installments of \$57,350 plus interest at LIBOR plus 1.75 percent (an effective rate of 3.31 and 2.37 percent at December 31, 2017 and 2016, respectively). The loan matures on February 29, 2023 and is unsecured	3,381,834	3,966,063

**Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

**Note 7 - Long-term Debt and Line of Credit (Continued)**

	<u>2017</u>	<u>2016</u>
52nd Street promissory note with principal payable upon the termination of the loan and interest due monthly. Interest is a variable rate of LIBOR plus 1.75 percent (an effective rate of 3.31 and 2.37 percent at December 31, 2017 and 2016, respectively). The loan matured on February 26, 2018 and is collateralized by the 52nd Street property. The loan was paid in full subsequent to year end	\$ 1,381,742	\$ 1,381,742
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 expected to be forgiven on March 27, 2028. The loan is secured by the housing units associated with the loan	<u>720,000</u>	<u>720,000</u>
Total	8,338,246	8,592,805
Less current portion	<u>4,831,503</u>	<u>599,103</u>
Long-term portion	<u>\$ 3,506,743</u>	<u>\$ 7,993,702</u>

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2018	\$ 4,831,503
2019	613,150
2020	631,758
2021	650,930
2022	670,684
Thereafter	<u>940,221</u>
Total	<u>\$ 8,338,246</u>

Interest expense for the line of credit and long-term debt totaled \$185,722 and \$155,890 for 2017 and 2016, respectively.

The Organization is required to meet quarterly debt covenants that include liquidity requirements in relation to the term loan payables and line of credit.

**Note 8 - 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 85 percent of their annual compensation up to the maximum dollar amount determined by the Internal Revenue Code.



**Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

**Note 8 - Employee Benefit Plans (Continued)**

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:

<u>Years of Service</u>	<u>Limit on Contributions Matched</u>
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 2017 and 2016.

The Organization made contributions of \$2,028,936 and \$1,904,641 to the plan for the years ended December 31, 2017 and 2016, respectively.

**Note 9 - 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, 2017 and 2016 and the valuation techniques used by the Organization to determine those fair values.

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

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.

As of January 1, 2017, the Organization implemented new guidance, Accounting Standards Update (ASU) No. 2015-07, issued by the Financial Accounting Standards Board (FASB) on *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. Previously, investments measured at fair value using the NAV practical expedient were classified in the fair value hierarchy based on the redemption features associated with the investment. Under the new guidance, investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy above, and the information for 2016 has been adjusted to conform to the new disclosure requirements.

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

Note 9 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2017			
	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, 2017
<b>Assets</b>				
Investments:				
Mutual funds - Domestic stock	\$ 8,488,966	\$ -	\$ -	\$ 8,488,966
Mutual funds - Foreign stock	5,704,076	-	-	5,704,076
Mutual funds - Bonds	11,477,323	-	-	11,477,323
Mutual funds - Real estate	672,046	-	-	672,046
Exchange-traded funds - Domestic stock	3,890,351	-	-	3,890,351
Exchange-traded funds - Foreign stock	2,030,722	-	-	2,030,722
Exchange-traded funds - Real estate	1,109,062	-	-	1,109,062
Pooled funds - Balanced	-	92,557	-	92,557
Pooled funds - Domestic stock	-	47,922	-	47,922
Pooled funds - Foreign equity	-	71,411	-	71,411
Pooled funds - Bonds	-	51,937	-	51,937
Equity securities measured at net asset value				56,472
Total investments	\$ 33,372,546	\$ 263,827	\$ -	\$ 33,692,845

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2016			
	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, 2016
<b>Assets</b>				
Investments:				
Mutual funds - Domestic stock	\$ 6,919,941	\$ -	\$ -	\$ 6,919,941
Mutual funds - Foreign stock	4,632,383	-	-	4,632,383
Mutual funds - Bonds	10,677,995	-	-	10,677,995
Mutual funds - Real estate	602,147	-	-	602,147
Exchange-traded funds - Domestic stock	3,344,857	-	-	3,344,857
Exchange-traded funds - Foreign stock	1,701,229	-	-	1,701,229
Exchange-traded funds - Real estate	1,027,684	-	-	1,027,684
Exchange-traded funds - Bonds	1,486,460	-	-	1,486,460
Pooled funds - Balanced	-	91,936	-	91,936
Pooled funds - Domestic stock	-	50,632	-	50,632
Pooled funds - Foreign equity	-	71,675	-	71,675
Pooled funds - Global allocation	-	22,332	-	22,332
Pooled funds - Bonds	-	51,445	-	51,445
Equity securities measured at net asset value				32,355
Total investments	\$ 30,392,696	\$ 288,020	\$ -	\$ 30,713,071

Notes to Consolidated Financial Statements

December 31, 2017 and 2016

**Note 9 - Fair Value Measurements (Continued)**

The fair value of pooled funds, corporate bonds, and U.S. Treasury and U.S. agency notes at December 31, 2017 and 2016 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.

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, 2017 and 2016, there were no transfers between levels of the fair value hierarchy.

**Note 10 - 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 directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The board of directors 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:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment Net Asset Composition by Type of Fund as of December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 526,784	\$ 185,810	\$ 712,594
Board-designated endowment funds	19,569,081	-	-	19,569,081
<b>Total</b>	<b>\$ 19,569,081</b>	<b>\$ 526,784</b>	<b>\$ 185,810</b>	<b>\$ 20,281,675</b>

**Notes to Consolidated Financial Statements**

**December 31, 2017 and 2016**

**Note 10 - Donor-restricted and Board-designated Endowments (Continued)**

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 18,213,840	\$ 486,489	\$ 179,325	\$ 18,879,654
Investment return:				
Investment income	773,486	-	-	773,486
Net appreciation	1,580,145	83,305	2,865	1,666,315
Total investment return	2,353,631	83,305	2,865	2,439,801
Contributions	124,490	-	3,620	128,110
Appropriation of endowment assets for expenditure	(885,506)	(43,010)	-	(928,516)
Other changes - Transfers from unrestricted - Undesignated net assets	(237,374)	-	-	(237,374)
Endowment net assets - End of year	<u>\$ 19,569,081</u>	<u>\$ 526,784</u>	<u>\$ 185,810</u>	<u>\$ 20,281,675</u>

	Endowment Net Asset Composition by Type of Fund as of December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 486,489	\$ 179,325	\$ 665,814
Board-designated endowment funds	18,213,840	-	-	18,213,840
Total	<u>\$ 18,213,840</u>	<u>\$ 486,489</u>	<u>\$ 179,325</u>	<u>\$ 18,879,654</u>

	Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - Beginning of year	\$ 17,222,314	\$ 427,923	\$ 172,674	\$ 17,822,911
Investment return:				
Investment income	634,680	-	-	634,680
Net appreciation	1,085,491	58,566	2,009	1,146,066
Total investment return	1,720,171	58,566	2,009	1,780,746
Contributions	231,996	-	4,642	236,638
Appropriation of endowment assets for expenditure	(840,641)	-	-	(840,641)
Other changes - Transfers from unrestricted - Undesignated net assets	(120,000)	-	-	(120,000)
Endowment net assets - End of year	<u>\$ 18,213,840</u>	<u>\$ 486,489</u>	<u>\$ 179,325</u>	<u>\$ 18,879,654</u>

**Notes to Consolidated Financial Statements**

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**December 31, 2017 and 2016**

**Note 10 - Donor-restricted and Board-designated Endowments (Continued)**

***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.

***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.

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## 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 and its subsidiaries as of and for the year ended December 31, 2017 and have issued our report thereon dated March 13, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2017 consolidated financial statements as a whole. The consolidating statements of financial position and activities and the St. Louis and St. Charles schedule of project unit cost are presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and are 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 2017 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 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 2017 consolidated financial statements as a whole.

*Plante & Moran, PLLC*

March 13, 2018

# Bethany Christian Services

## Consolidating Statement of Financial Position

December 31, 2017

	Total	Arkansas	Northern California	Southern California	Colorado	Florida
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 3,562,701	\$ 3,650	\$ (27,245)	\$ (339,789)	\$ 2,500	\$ (10,616)
Investments	33,692,845	974,666	-	-	61,855	-
Receivables - Net of allowances	14,144,705	30,112	37,135	316,148	139,034	260,362
Prepaid expenses and other:						
Prepaid expenses	1,285,223	1,290	3,055	125,167	2,849	2,700
Deposits	311,868	-	2,139	17,083	1,600	800
Total current assets	<u>52,997,342</u>	<u>1,009,718</u>	<u>15,084</u>	<u>118,609</u>	<u>207,838</u>	<u>253,246</u>
<b>Property and equipment</b>						
Land and land improvements	2,948,648	-	-	-	-	-
Buildings and improvements	20,947,064	4,016	83,846	-	-	-
Furniture and fixtures	7,811,840	-	136,399	16,847	-	3,805
Transportation equipment	565,550	-	26,460	-	-	-
Construction in progress	381,723	-	-	-	-	-
Total property and equipment	<u>32,654,825</u>	<u>4,016</u>	<u>246,705</u>	<u>16,847</u>	<u>-</u>	<u>3,805</u>
Less accumulated depreciation	<u>(14,938,930)</u>	<u>(781)</u>	<u>(213,203)</u>	<u>(8,347)</u>	<u>-</u>	<u>(1,776)</u>
Net property and equipment	<u>17,715,895</u>	<u>3,235</u>	<u>33,502</u>	<u>8,500</u>	<u>-</u>	<u>2,029</u>
Other assets	220,000	-	-	220,000	-	-
Investment in unconsolidated affiliate	538,148	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 71,471,385</u></b>	<b><u>\$ 1,012,953</u></b>	<b><u>\$ 48,586</u></b>	<b><u>\$ 347,109</u></b>	<b><u>\$ 207,838</u></b>	<b><u>\$ 255,275</u></b>
<b>Liabilities and Net Assets (Deficit)</b>						
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 2,839,164	\$ 17,402	\$ (118)	\$ 2,107	\$ 5,454	\$ 19,327
Accrued employee compensation and benefits	6,453,162	31,723	86,543	104,765	53,884	81,189
Deferred revenue	2,544,086	37,533	42,525	74,235	32,167	103,170
Current portion of long-term debt	4,831,503	-	-	-	-	-
Total current liabilities	<u>16,667,915</u>	<u>86,658</u>	<u>128,950</u>	<u>181,107</u>	<u>91,505</u>	<u>203,686</u>
Annuities payable	297,235	-	-	-	-	-
Long-term note payable - Net of current portion	3,506,743	-	-	-	-	-
Total long-term liabilities	<u>3,803,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>20,471,893</u>	<u>86,658</u>	<u>128,950</u>	<u>181,107</u>	<u>91,505</u>	<u>203,686</u>
<b>Net Assets (Deficit) - Beginning of year</b>	<u>46,622,969</u>	<u>994,201</u>	<u>(66,556)</u>	<u>401,310</u>	<u>160,902</u>	<u>40,683</u>
<b>Change in Net Assets</b>	<u>4,376,523</u>	<u>(67,906)</u>	<u>(13,808)</u>	<u>(235,308)</u>	<u>(44,569)</u>	<u>10,906</u>
<b>Net Assets (Deficit) - End of year</b>	<u>50,999,492</u>	<u>926,295</u>	<u>(80,364)</u>	<u>166,002</u>	<u>116,333</u>	<u>51,589</u>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b><u>\$ 71,471,385</u></b>	<b><u>\$ 1,012,953</u></b>	<b><u>\$ 48,586</u></b>	<b><u>\$ 347,109</u></b>	<b><u>\$ 207,838</u></b>	<b><u>\$ 255,275</u></b>



# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

December 31, 2017

	Georgia	Illinois	Central Indiana	Northwest Iowa	South Central Iowa	Maryland
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 15,100	\$ 2,300	\$ 11,600	\$ 2,500	\$ 3,100	\$ 2,500
Investments	282,873	42,279	338,764	10,307	457,212	715,366
Receivables - Net of allowances	961,716	60,480	534,277	24,286	72,495	268,708
Prepaid expenses and other:						
Prepaid expenses	19,987	3,400	11,653	1,570	2,997	20,987
Deposits	2,300	2,650	13,943	650	-	17,372
Total current assets	1,281,976	111,109	910,237	39,313	535,804	1,024,933
<b>Property and equipment</b>						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	111,800	-	-	-	27,021	46,555
Furniture and fixtures	34,857	38,686	6,060	11,605	-	57,796
Transportation equipment	164,202	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total property and equipment	310,859	38,686	6,060	11,605	27,021	104,351
Less accumulated depreciation	(160,855)	(31,348)	(1,616)	(11,605)	(20,081)	(74,608)
Net property and equipment	150,004	7,338	4,444	-	6,940	29,743
Other assets	-	-	-	-	-	-
Investment in unconsolidated affiliate	538,148	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,970,128</b>	<b>\$ 118,447</b>	<b>\$ 914,681</b>	<b>\$ 39,313</b>	<b>\$ 542,744</b>	<b>\$ 1,054,676</b>
<b>Liabilities and Net Assets (Deficit)</b>						
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 5,293	\$ 4,636	\$ 6,709	\$ 255	\$ 4,303	\$ (87)
Accrued employee compensation and benefits	300,978	73,060	151,552	40,541	27,628	120,492
Deferred revenue	94,676	59,831	113,224	28,779	28,795	65,404
Current portion of long-term debt	-	-	-	-	-	-
Total current liabilities	400,947	137,527	271,485	69,575	60,726	185,809
Annuities payable	-	-	-	-	-	-
Long-term note payable - Net of current portion	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-	-
Total liabilities	400,947	137,527	271,485	69,575	60,726	185,809
<b>Net Assets (Deficit) - Beginning of year</b>	1,833,851	(181,153)	469,384	(176,617)	489,122	459,368
<b>Change in Net Assets</b>	(264,670)	162,073	173,812	146,355	(7,104)	409,499
<b>Net Assets (Deficit) - End of year</b>	1,569,181	(19,080)	643,196	(30,262)	482,018	868,867
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 1,970,128</b>	<b>\$ 118,447</b>	<b>\$ 914,681</b>	<b>\$ 39,313</b>	<b>\$ 542,744</b>	<b>\$ 1,054,676</b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

December 31, 2017

	Michigan	Minnesota	Mississippi	Missouri	Southern New England	Northern New England
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 182,241	\$ (723,223)	\$ 7,837	\$ 6,040	\$ 2,100	\$ 2,200
Investments	3,006,438	-	1,017,771	312,729	63,019	84,666
Receivables - Net of allowances	7,326,522	299,957	8,482	49,947	111,818	44,843
Prepaid expenses and other:						
Prepaid expenses	116,403	6,007	3,524	13,870	-	100
Deposits	28,539	434	-	4,428	-	-
Total current assets	10,660,143	(416,825)	1,037,614	387,014	176,937	131,809
<b>Property and equipment</b>						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	698,045	-	-	-	-	-
Furniture and fixtures	2,167,275	14,939	7,949	77,431	6,624	-
Transportation equipment	374,888	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total property and equipment	3,240,208	14,939	7,949	77,431	6,624	-
Less accumulated depreciation	(2,067,637)	(6,399)	(7,949)	(21,294)	(4,324)	-
Net property and equipment	1,172,571	8,540	-	56,137	2,300	-
Other assets	-	-	-	-	-	-
Investment in unconsolidated affiliate	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 11,832,714</b>	<b>\$ (408,285)</b>	<b>\$ 1,037,614</b>	<b>\$ 443,151</b>	<b>\$ 179,237</b>	<b>\$ 131,809</b>
<b>Liabilities and Net Assets (Deficit)</b>						
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 97,060	\$ 472	\$ 7,044	\$ 8,267	\$ 3,271	\$ -
Accrued employee compensation and benefits	2,365,409	66,034	47,218	40,792	51,679	32,290
Deferred revenue	218,227	41,931	55,720	75,950	27,000	23,512
Current portion of long-term debt	-	-	-	-	-	-
Total current liabilities	2,680,696	108,437	109,982	125,009	81,950	55,802
Annuities payable	-	-	-	-	-	-
Long-term note payable - Net of current portion	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-	-
Total liabilities	2,680,696	108,437	109,982	125,009	81,950	55,802
<b>Net Assets (Deficit) - Beginning of year</b>	9,081,629	(586,253)	820,527	351,857	111,567	(9,751)
<b>Change in Net Assets</b>	70,389	69,531	107,105	(33,715)	(14,280)	85,758
<b>Net Assets (Deficit) - End of year</b>	9,152,018	(516,722)	927,632	318,142	97,287	76,007
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 11,832,714</b>	<b>\$ (408,285)</b>	<b>\$ 1,037,614</b>	<b>\$ 443,151</b>	<b>\$ 179,237</b>	<b>\$ 131,809</b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

December 31, 2017

	New Jersey	North Carolina	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina
<b>Assets</b>						
Current Assets:						
Cash and cash equivalents	\$ (83,152)	\$ 6,000	\$ 32,788	\$ (860,071)	\$ (329,325)	\$ 4,500
Investments	-	525,598	94,640	-	-	625,090
Receivables - Net of allowances	123,577	22,553	827,181	1,530,153	174,195	18,455
Prepaid expenses and other:						
Prepaid expenses	1,350	7,357	15,542	28,129	5,395	5,868
Deposits	1,199	5,194	7,452	23,753	1,500	800
Total current assets	42,974	566,702	977,603	721,964	(148,235)	654,713
Property and equipment						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	-	-	17,693	-	-	-
Furniture and fixtures	10,495	7,808	32,075	51,653	23,014	7,384
Transportation equipment	-	-	-	-	-	-
Construction in progress	-	-	-	173,578	-	-
Total property and equipment	10,495	7,808	49,768	225,231	23,014	7,384
Less accumulated depreciation	(10,495)	(7,808)	(35,180)	(32,494)	(18,534)	(7,384)
Net property and equipment	-	-	14,588	192,737	4,480	-
Other assets						
Investment in unconsolidated affiliate	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 42,974</b>	<b>\$ 566,702</b>	<b>\$ 992,191</b>	<b>\$ 914,701</b>	<b>\$ (143,755)</b>	<b>\$ 654,713</b>
<b>Liabilities and Net Assets (Deficit)</b>						
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	\$ 12,861	\$ 360	\$ 16,880	\$ 10,670	\$ 30	\$ 5,883
Accrued employee compensation and benefits	79,920	45,186	212,278	238,636	94,473	55,222
Deferred revenue	62,744	80,227	75,107	52,213	83,983	75,172
Current portion of long-term debt	-	-	-	-	-	-
Total current liabilities	155,525	125,773	304,265	301,519	178,486	136,277
Annuities payable	-	-	-	-	-	-
Long-term note payable - Net of current portion	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-	-
Total liabilities	155,525	125,773	304,265	301,519	178,486	136,277
<b>Net Assets (Deficit) - Beginning of year</b>	(137,974)	506,902	656,528	498,710	(474,579)	425,014
<b>Change in Net Assets</b>	25,423	(65,973)	31,398	114,472	152,338	93,422
<b>Net Assets (Deficit) - End of year</b>	(112,551)	440,929	687,926	613,182	(322,241)	518,436
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 42,974</b>	<b>\$ 566,702</b>	<b>\$ 992,191</b>	<b>\$ 914,701</b>	<b>\$ (143,755)</b>	<b>\$ 654,713</b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

December 31, 2017

	Eastern South Dakota	Western South Dakota	Greater Chattanooga	East Tennessee	Middle Tennessee	West Tennessee
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ (23,337)	\$ 2,500	\$ (89,915)	\$ 4,000	\$ (585,960)	\$ (320,813)
Investments	-	358,037	-	611,201	-	-
Receivables - Net of allowances	64,122	62,815	77,024	22,448	84,486	32,807
Prepaid expenses and other:						
Prepaid expenses	2,100	-	2,786	3,235	2,633	4,183
Deposits	-	-	2,550	2,000	2,466	3,454
Total current assets	<u>42,885</u>	<u>423,352</u>	<u>(7,555)</u>	<u>642,884</u>	<u>(496,375)</u>	<u>(280,369)</u>
<b>Property and equipment</b>						
Land and land improvements	-	-	-	-	-	-
Buildings and improvements	-	-	34,847	-	-	-
Furniture and fixtures	-	-	-	5,659	12,009	10,087
Transportation equipment	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total property and equipment	<u>-</u>	<u>-</u>	<u>34,847</u>	<u>5,659</u>	<u>12,009</u>	<u>10,087</u>
Less accumulated depreciation	<u>-</u>	<u>-</u>	<u>(15,192)</u>	<u>(5,659)</u>	<u>(8,798)</u>	<u>(7,073)</u>
Net property and equipment	<u>-</u>	<u>-</u>	<u>19,655</u>	<u>-</u>	<u>3,211</u>	<u>3,014</u>
<b>Other assets</b>						
Investment in unconsolidated affiliate	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 42,885</u></b>	<b><u>\$ 423,352</u></b>	<b><u>\$ 12,100</u></b>	<b><u>\$ 642,884</u></b>	<b><u>\$ (493,164)</u></b>	<b><u>\$ (277,355)</u></b>
<b>Liabilities and Net Assets (Deficit)</b>						
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	\$ 1,691	\$ 196	\$ 9,872	\$ 6,977	\$ 577	\$ 149
Accrued employee compensation and benefits	20,380	19,838	29,727	26,060	24,421	24,109
Deferred revenue	17,520	16,218	44,260	92,531	67,607	31,695
Current portion of long-term debt	-	-	-	-	-	-
Total current liabilities	<u>39,591</u>	<u>36,252</u>	<u>83,859</u>	<u>125,568</u>	<u>92,605</u>	<u>55,953</u>
Annuities payable	-	-	-	-	-	-
Long-term note payable - Net of current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>39,591</u>	<u>36,252</u>	<u>83,859</u>	<u>125,568</u>	<u>92,605</u>	<u>55,953</u>
<b>Net Assets (Deficit) - Beginning of year</b>	<u>137,204</u>	<u>343,903</u>	<u>(129,595)</u>	<u>467,324</u>	<u>(590,787)</u>	<u>(368,419)</u>
<b>Change in Net Assets</b>	<u>(133,910)</u>	<u>43,197</u>	<u>57,836</u>	<u>49,992</u>	<u>5,018</u>	<u>35,111</u>
<b>Net Assets (Deficit) - End of year</b>	<u>3,294</u>	<u>387,100</u>	<u>(71,759)</u>	<u>517,316</u>	<u>(585,769)</u>	<u>(333,308)</u>
<b>Total Liabilities and Net Assets (Deficit)</b>	<b><u>\$ 42,885</u></b>	<b><u>\$ 423,352</u></b>	<b><u>\$ 12,100</u></b>	<b><u>\$ 642,884</u></b>	<b><u>\$ (493,164)</u></b>	<b><u>\$ (277,355)</u></b>

# Bethany Christian Services

## Consolidating Statement of Financial Position (Continued)

December 31, 2017

	Virginia	Washington	Wisconsin	Bethany Christian Services Global LLC	Bethany's Thrift Store	Corporate	Bethany Christian Foundation LLC
<b>Assets</b>							
<b>Current Assets:</b>							
Cash and cash equivalents	\$ (32,276)	\$ (782,089)	\$ 3,575	\$ (167,482)	\$ 5,166	\$ 7,578,716	\$ 57,081
Investments	-	-	344,638	1,101,419	125,272	2,314,411	20,224,594
Receivables - Net of allowances	69,811	308,201	103,597	211,463	-	(134,505)	-
Prepaid expenses and other:							
Prepaid expenses	8,465	15,601	8,537	18,489	6,630	813,364	-
Deposits	7,579	15,698	3,403	-	-	142,882	-
Total current assets	53,579	(442,589)	463,750	1,163,889	137,068	10,714,868	20,281,675
<b>Property and equipment</b>							
Land and land improvements	-	-	-	-	-	2,948,648	-
Buildings and improvements	6,435	14,670	-	-	30,203	19,871,933	-
Furniture and fixtures	12,768	42,563	38,041	231,073	42,410	4,704,528	-
Transportation equipment	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	208,145	-
Total property and equipment	19,203	57,233	38,041	231,073	72,613	27,733,254	-
Less accumulated depreciation	(15,664)	(57,233)	(32,861)	(221,028)	(32,906)	(11,798,798)	-
Net property and equipment	3,539	-	5,180	10,045	39,707	15,934,456	-
Other assets	-	-	-	-	-	-	-
Investment in unconsolidated affiliate	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 57,118</b>	<b>\$ (442,589)</b>	<b>\$ 468,930</b>	<b>\$ 1,173,934</b>	<b>\$ 176,775</b>	<b>\$ 26,649,324</b>	<b>\$ 20,281,675</b>
<b>Liabilities and Net Assets (Deficit)</b>							
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	\$ 5,288	\$ 87	\$ 2,098	\$ 366,855	\$ 2,200	\$ 2,215,095	\$ -
Accrued employee compensation and benefits	51,946	74,345	95,551	89,098	11,233	1,584,962	-
Deferred revenue	135,527	98,959	113,125	365,823	-	8,696	-
Current portion of long-term debt	-	-	-	-	-	4,831,503	-
Total current liabilities	192,761	173,391	210,774	821,776	13,433	8,640,256	-
Annuities payable	-	-	-	-	-	297,235	-
Long-term note payable - Net of current portion	-	-	-	-	-	3,506,743	-
Total long-term liabilities	-	-	-	-	-	3,803,978	-
Total liabilities	192,761	173,391	210,774	821,776	13,433	12,444,234	-
<b>Net Assets (Deficit) - Beginning of year</b>	(252,859)	(881,590)	114,948	706,951	65,643	12,461,920	18,879,654
<b>Change in Net Assets</b>	117,216	265,610	143,208	(354,793)	97,699	1,743,170	1,402,021
<b>Net Assets (Deficit) - End of year</b>	(135,643)	(615,980)	258,156	352,158	163,342	14,205,090	20,281,675
<b>Total Liabilities and Net Assets (Deficit)</b>	<b>\$ 57,118</b>	<b>\$ (442,589)</b>	<b>\$ 468,930</b>	<b>\$ 1,173,934</b>	<b>\$ 176,775</b>	<b>\$ 26,649,324</b>	<b>\$ 20,281,675</b>

# Bethany Christian Services

## Consolidating Statement of Activities

Year Ended December 31, 2017

	Total	Arkansas	Northern California	Southern California	Colorado	Florida
<b>Operating Revenue and Other Support</b>						
Contributions	\$ 16,960,363	\$ 247,666	\$ 697,012	\$ 237,374	\$ 216,095	\$ 217,246
Child support	74,489,333	-	-	1,349,481	1,167,111	507,247
Service fees	23,349,440	388,197	454,631	495,460	146,891	989,341
Investments and other	5,276,109	20,300	900	18,556	19,215	23,622
Total operating revenue and other support	120,075,245	656,163	1,152,543	2,100,871	1,549,312	1,737,456
<b>Operating Expenses</b>						
Salaries	51,307,922	321,253	497,759	931,810	472,029	731,635
Fringes	10,996,439	31,743	96,770	112,297	110,391	108,343
Taxes	3,763,535	23,956	37,205	69,426	34,726	54,795
Professional fees	4,690,876	1,271	15,462	49,207	16,753	87,291
Supplies	754,723	4,228	9,560	8,850	3,602	6,536
Telephone	1,035,777	6,563	21,602	27,606	12,720	22,668
Postage	454,128	3,276	5,967	7,582	1,297	7,332
Occupancy	5,458,132	18,837	96,363	136,526	37,604	60,630
Printing	781,228	4,806	9,220	9,905	4,518	10,231
Information technology	1,575,045	10,845	16,778	52,736	19,000	31,004
Equipment and furnishings	188,390	4,152	5,527	1,411	574	3,324
Travel	3,978,556	37,436	32,874	57,668	32,161	89,139
Conferences and meetings	1,088,775	5,269	3,891	13,482	3,810	12,170
Advertising	2,256,611	20,188	9,377	39,640	11,380	46,292
Special assistance	21,604,065	91,353	24,646	506,681	678,549	149,179
Overseas contributions	1,418,601	25	-	-	-	-
Program development	15,167	-	-	-	-	50
Payment processing fees	377,122	6,964	10,908	8,180	2,973	18,912
Educational and promotional materials	275,296	1,147	268	84	11	1,316
Fund raising event costs	1,110,858	29,807	72,106	8,681	5,910	28,058
Bad debt	109,858	-	-	-	-	3,750
Miscellaneous	1,144,961	3,430	11,699	15,699	7,028	16,245
Depreciation	1,312,657	781	17,134	2,983	32	761
Support services	-	96,739	171,236	275,723	138,813	236,889
Total operating expenses	115,698,722	724,069	1,166,351	2,336,179	1,593,881	1,726,550
<b>Change in Net Assets From</b>						
<b>Operating Activities</b>	<b>\$ 4,376,523</b>	<b>\$ (67,906)</b>	<b>\$ (13,808)</b>	<b>\$ (235,308)</b>	<b>\$ (44,569)</b>	<b>\$ 10,906</b>

## Bethany Christian Services

### Consolidating Statement of Activities (Continued)

Year Ended December 31, 2017

	Georgia	Illinois	Central Indiana	Northwest Iowa	South Central Iowa	Maryland
<b>Operating Revenue and Other Support</b>						
Contributions	\$ 637,840	\$ 308,235	\$ 286,121	\$ 352,018	\$ 261,381	\$ 267,082
Child support	6,388,128	22,139	2,016,458	-	-	1,807,047
Service fees	1,270,290	650,973	786,139	275,798	397,183	572,791
Investments and other	116,028	7,213	16,186	20,506	36,202	-
Total operating revenue and other support	8,412,286	988,560	3,104,904	648,322	694,766	2,646,920
<b>Operating Expenses</b>						
Salaries	3,074,527	330,568	1,151,679	233,209	266,610	928,389
Fringes	621,495	87,810	236,140	43,730	81,305	133,876
Taxes	224,441	24,196	83,642	17,654	18,813	68,637
Professional fees	199,109	5,233	8,586	11,928	49,724	21,161
Supplies	40,411	7,393	7,348	974	1,761	18,736
Telephone	78,583	5,247	26,987	9,959	12,595	28,530
Postage	27,799	4,110	4,563	2,727	2,170	5,651
Occupancy	356,469	37,219	98,307	26,793	40,606	291,934
Printing	16,865	9,160	15,033	6,847	6,015	6,006
Information technology	104,742	10,297	37,351	5,335	10,528	38,877
Equipment and furnishings	20,904	9,561	387	274	164	7,928
Travel	247,859	28,101	91,249	20,409	17,421	63,512
Conferences and meetings	97,060	3,315	7,810	2,646	3,004	13,449
Advertising	109,208	32,962	74,500	14,961	20,822	98,496
Special assistance	2,322,602	71,387	716,573	11,507	45,473	103,235
Overseas contributions	-	-	-	-	-	-
Program development	-	-	-	-	-	-
Payment processing fees	12,417	11,373	13,783	4,801	7,691	11,572
Educational and promotional materials	3,606	3,135	1,175	163	127	60
Fund raising event costs	67,693	19,570	5,135	14,436	12,982	20,286
Bad debt	28,911	591	(1,409)	(2,648)	-	1,600
Miscellaneous	33,464	8,497	19,688	2,509	4,134	8,131
Depreciation	30,633	2,965	1,231	-	678	46,307
Support services	958,157	113,797	331,334	73,754	99,247	321,048
Total operating expenses	8,676,956	826,487	2,931,092	501,967	701,870	2,237,421
<b>Change in Net Assets From</b>						
Operating Activities	\$ (264,670)	\$ 162,073	\$ 173,812	\$ 146,355	\$ (7,104)	\$ 409,499

## Bethany Christian Services

### Consolidating Statement of Activities (Continued)

Year Ended December 31, 2017

	Michigan	Minnesota	Mississippi	Missouri	Southern New England	Northern New England
<b>Operating Revenue and Other Support</b>						
Contributions	\$ 3,382,430	\$ 170,936	\$ 637,029	\$ 73,717	\$ 360,454	\$ 266,796
Child support	47,858,750	1,297,833	2,500	278,109	401,926	56,392
Service fees	3,540,549	284,216	264,327	609,328	286,562	262,569
Investments and other	890,942	2,250	11,220	3,149	65	6,989
Total operating revenue and other support	55,672,671	1,755,235	915,076	964,303	1,049,007	592,746
<b>Operating Expenses</b>						
Salaries	22,180,695	529,194	333,856	342,401	504,243	246,077
Fringes	5,396,828	51,281	74,599	61,527	83,212	47,487
Taxes	1,632,796	40,112	24,243	25,394	37,501	17,671
Professional fees	686,453	11,023	16,250	7,775	53,047	12,598
Supplies	405,475	9,569	3,727	8,162	5,459	984
Telephone	421,916	14,431	6,375	10,991	8,897	6,569
Postage	63,665	3,679	4,121	4,147	2,657	2,018
Occupancy	2,727,933	83,286	54,594	59,153	18,872	4,465
Printing	108,184	10,465	10,275	7,870	4,968	2,766
Information technology	739,080	22,895	13,071	22,578	18,123	5,999
Equipment and furnishings	56,788	2,173	2,410	1,422	1,477	-
Travel	1,487,126	39,713	21,202	37,059	53,401	21,595
Conferences and meetings	329,085	20,763	6,399	12,040	9,118	4,089
Advertising	480,515	23,087	35,443	35,718	31,046	18,812
Special assistance	11,447,152	585,313	12,692	197,187	24,022	22,957
Overseas contributions	-	-	-	-	-	-
Program development	1,518	-	-	-	-	-
Payment processing fees	46,014	7,668	3,681	10,977	8,941	4,893
Educational and promotional materials	28,410	555	-	3,579	767	48
Fund raising event costs	262,700	31,870	67,213	14,266	30,866	11,444
Bad debt	17,298	17,170	-	5	-	-
Miscellaneous	135,708	13,243	2,399	7,637	8,590	3,807
Depreciation	286,877	2,299	-	7,743	1,104	-
Support services	6,660,066	165,915	115,420	120,387	156,976	72,708
Total operating expenses	55,602,282	1,685,704	807,971	998,018	1,063,287	506,988
<b>Change in Net Assets From</b>						
<b>Operating Activities</b>	<b>\$ 70,389</b>	<b>\$ 69,531</b>	<b>\$ 107,105</b>	<b>\$ (33,715)</b>	<b>\$ (14,280)</b>	<b>\$ 85,758</b>



# Bethany Christian Services

## Consolidating Statement of Activities (Continued)

Year Ended December 31, 2017

	New Jersey	North Carolina	Central Pennsylvania	Greater Delaware Valley	Western Pennsylvania	South Carolina
<b>Operating Revenue and Other Support</b>						
Contributions	\$ 211,032	\$ 187,425	\$ 423,423	\$ 1,027,760	\$ 159,579	\$ 330,528
Child support	462,474	74,937	3,099,739	6,256,521	291,912	8,002
Service fees	737,981	669,975	1,550,172	1,003,014	1,368,757	664,109
Investments and other	8,129	26,510	15,815	10,737	10,708	2
Total operating revenue and other support	1,419,616	958,847	5,089,149	8,298,032	1,830,956	1,002,641
<b>Operating Expenses</b>						
Salaries	724,041	407,395	1,998,391	2,528,179	697,231	422,430
Fringes	102,387	77,590	391,606	437,687	108,903	107,050
Taxes	53,466	29,848	148,201	185,628	51,396	30,462
Professional fees	3,672	33,359	23,784	1,071,676	21,481	12,381
Supplies	6,740	4,589	32,304	17,141	7,637	2,823
Telephone	19,066	13,770	61,259	59,062	12,697	12,420
Postage	6,375	3,820	10,087	13,968	6,183	5,512
Occupancy	50,377	95,698	192,742	221,239	84,196	65,422
Printing	9,156	6,696	11,758	18,329	9,828	8,667
Information technology	20,143	14,712	88,793	78,954	31,180	11,597
Equipment and furnishings	2,440	5,389	2,208	3,973	1,578	1,149
Travel	67,205	32,060	127,621	162,196	69,434	21,627
Conferences and meetings	9,463	8,638	19,490	22,922	15,313	3,915
Advertising	47,860	52,213	116,223	118,499	51,123	17,408
Special assistance	25,833	55,399	1,165,543	2,372,093	251,253	33,093
Overseas contributions	-	-	-	-	-	-
Program development	-	-	-	-	-	-
Payment processing fees	10,876	11,350	11,868	5,765	11,018	11,301
Educational and promotional materials	136	17	2,893	3,704	119	945
Fund raising event costs	20,185	19,065	36,912	82,477	22,415	6,456
Bad debt	3,066	1,000	465	-	-	(300)
Miscellaneous	1,982	4,255	23,937	17,317	9,358	3,692
Depreciation	-	-	2,603	7,903	1,805	-
Support services	209,725	147,956	589,063	754,848	214,471	131,169
Total operating expenses	1,394,193	1,024,820	5,057,751	8,183,560	1,678,618	909,219
<b>Change in Net Assets From</b>						
<b>Operating Activities</b>	<b>\$ 25,423</b>	<b>\$ (65,973)</b>	<b>\$ 31,398</b>	<b>\$ 114,472</b>	<b>\$ 152,338</b>	<b>\$ 93,422</b>

# Bethany Christian Services

## Consolidating Statement of Activities (Continued)

Year Ended December 31, 2017

	Eastern South Dakota	Western South Dakota	Greater Chattanooga	East Tennessee	Middle Tennessee	West Tennessee
<b>Operating Revenue and Other Support</b>						
Contributions	\$ 197,283	\$ 205,295	\$ 315,199	\$ 380,396	\$ 104,023	\$ 190,563
Child support	47,935	30,450	495	6,800	20,339	7,217
Service fees	122,298	132,211	336,261	362,320	412,798	244,288
Investments and other	530	300	1,411	570	1,937	332
Total operating revenue and other support	368,046	368,256	653,366	750,086	539,097	442,400
<b>Operating Expenses</b>						
Salaries	207,038	155,397	221,975	304,862	210,596	148,985
Fringes	65,689	15,934	56,865	45,315	38,065	41,303
Taxes	15,036	11,857	15,887	22,929	15,545	10,468
Professional fees	21,878	4,639	9,246	4,510	20,812	18,520
Supplies	3,719	3,154	2,356	4,188	4,635	2,698
Telephone	2,831	5,752	3,900	6,552	5,868	3,201
Postage	2,122	2,015	2,858	3,361	2,231	1,753
Occupancy	27,500	15,985	40,275	48,217	43,241	54,929
Printing	3,716	3,987	5,789	7,045	5,207	3,853
Information technology	3,867	6,235	6,033	10,481	10,665	3,945
Equipment and furnishings	514	579	330	2,297	1,148	1,710
Travel	14,609	10,240	19,307	23,235	16,419	9,497
Conferences and meetings	5,324	3,817	35,191	10,936	16,762	1,831
Advertising	33,056	15,344	26,952	27,467	15,437	14,750
Special assistance	4,279	5,876	29,654	50,569	9,090	14,818
Overseas contributions	-	-	-	-	-	-
Program development	-	-	-	-	-	-
Payment processing fees	2,959	2,342	6,130	5,783	7,607	3,483
Educational and promotional materials	403	248	286	176	5,896	142
Fund raising event costs	13,362	11,819	15,771	17,828	17,252	7,101
Bad debt	(5,148)	-	7,500	-	(130)	104
Miscellaneous	4,097	2,292	(61)	6,328	5,352	2,291
Depreciation	-	-	2,541	-	2,764	1,723
Support services	75,105	47,547	86,745	98,015	79,618	60,184
Total operating expenses	501,956	325,059	595,530	700,094	534,079	407,289
<b>Change in Net Assets From</b>						
<b>Operating Activities</b>	<b>\$ (133,910)</b>	<b>\$ 43,197</b>	<b>\$ 57,836</b>	<b>\$ 49,992</b>	<b>\$ 5,018</b>	<b>\$ 35,111</b>

# Bethany Christian Services

## Consolidating Statement of Activities (Continued)

Year Ended December 31, 2017

	Virginia	Washington	Wisconsin	Bethany Christian Services Global LLC	Bethany's Thrift Store	Corporate	Bethany Christian Foundation LLC
<b>Operating Revenue and Other Support</b>							
Contributions	\$ 235,087	\$ 899,315	\$ 353,041	\$ 1,083,689	\$ -	\$ 2,146,557	\$ (109,264)
Child support	60,932	575,098	392,207	-	-	1,154	-
Service fees	936,699	942,185	664,074	1,529,303	-	(2,250)	-
Investments and other	-	13,273	34,274	39,405	495,714	1,862,784	1,560,335
Total operating revenue and other support	1,232,718	2,429,871	1,443,596	2,652,397	495,714	4,008,245	1,451,071
<b>Operating Expenses</b>							
Salaries	393,268	775,771	593,064	720,665	167,635	7,555,065	-
Fringes	99,557	125,207	205,259	169,334	26,583	1,503,271	-
Taxes	28,471	56,909	42,959	52,305	12,675	544,285	-
Professional fees	25,398	162,305	19,280	91,273	1,916	1,842,825	49,050
Supplies	6,017	13,580	8,945	8,634	8,892	73,896	-
Telephone	13,540	20,290	7,365	7,971	1,447	56,547	-
Postage	6,391	7,999	7,253	47,537	20	171,882	-
Occupancy	119,385	101,571	70,851	57,104	60,887	(41,078)	-
Printing	9,653	12,105	11,398	1,608	348	408,951	-
Information technology	10,327	43,166	19,567	30,110	4,852	21,179	-
Equipment and furnishings	1,403	5,106	1,780	80	3,893	34,337	-
Travel	39,464	81,294	51,794	96,987	17,198	740,444	-
Conferences and meetings	10,495	7,820	7,190	11,651	452	350,165	-
Advertising	115,374	55,318	6,360	12,248	17,825	410,707	-
Special assistance	35,105	325,842	23,038	6,213	-	185,859	-
Overseas contributions	-	-	-	1,154,052	-	264,524	-
Program development	-	-	-	13,599	-	-	-
Payment processing fees	18,579	22,077	9,751	27,686	8,876	7,923	-
Educational and promotional materials	236	306	505	497	-	214,336	-
Fund raising event costs	12,798	58,614	14,342	731	-	50,707	-
Bad debt	22	(1,000)	11	-	-	39,000	-
Miscellaneous	3,556	17,790	5,737	240,382	8,375	486,373	-
Depreciation	156	1,230	1,993	5,286	7,858	875,267	-
Support services	166,307	270,961	191,946	251,238	48,282	(13,531,389)	-
Total operating expenses	1,115,502	2,164,261	1,300,388	3,007,190	398,015	2,265,075	49,050
<b>Change in Net Assets From</b>							
<b>Operating Activities</b>	<b>\$ 117,216</b>	<b>\$ 265,610</b>	<b>\$ 143,208</b>	<b>\$ (354,793)</b>	<b>\$ 97,699</b>	<b>\$ 1,743,170</b>	<b>\$ 1,402,021</b>

## Bethany Christian Services

### St. Louis and St. Charles Schedule of Project Unit Cost

Year Ended December 31, 2017

	Total Expenses	St. Louis County Expenses	St. Charles County Expenses
<b>Project Expenses</b>			
Salaries	\$ 47,876	\$ 36,907	\$ 4,180
Fringes	11,814	9,107	1,032
Outside Services, Contracted	59	45	5
Supplies	3,384	2,609	295
Telephone	2,030	1,565	177
Telephone, Internet Access	310	239	27
Printing	877	676	77
Postage	42	32	4
Rent	10,668	8,224	932
Utilities	1,908	1,471	167
Advertising	3,151	2,429	275
Computers, Hardware	-	-	-
Computers, Software	775	597	68
Travel	4,034	3,110	352
Client Assistance	7	5	1
Conferences	55	42	5
Staff, Board, and Group Meetings	137	106	12
Special Events	-	-	-
Memberships & Dues	3,071	2,367	268
Equipment & Furnishings	430	331	38
Support Services-Nonbillable	6,204	4,783	542
Miscellaneous	433	334	38
	<u>97,265</u>	<u>74,979</u>	<u>8,495</u>
Total Program Services			
	97,265	74,979	8,495
Less: <i>Not applicable to County:</i> Support Services-Nonbillable	6,204	4,783	542
Less: <i>Not applicable to County:</i> Branch Fundraising	-	-	-
	<u>91,061</u>	<u>70,196</u>	<u>7,953</u>
Total Direct Project Expenses			
	91,061	70,196	7,953
Add: <i>Indirect (Administrative) Expenses:</i> Support Services - Billable	9,835	7,582	859
	<u>100,896</u>	<u>77,778</u>	<u>8,812</u>
Total Project Expenses			
	<u>100,896</u>	<u>77,778</u>	<u>8,812</u>
Total Units Served	<u>2,405</u>	<u>1,854</u>	<u>210</u>
Cost Per Unit	<u>\$ 42</u>	<u>\$ 42</u>	<u>\$ 42</u>