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THREE ANGELS BROADCASTING NETWORK, INC.

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2011

INDEX

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Three Angels Broadcasting Network, Inc.

We have audited the accompanying statement of financial position of Three Angels Broadcasting Network, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 14 to the financial statements, the Organization does not report its investment in Three Angels T.V. and Radio Broadcast Network (Russia). All payments made to this branch are expensed when paid. In our opinion, accounting principles generally accepted in the United States of America require the branch be accounted for on a consolidated basis. The effects of that departure on the financial statements are not reasonably determinable.

The Organization's financial statements do not disclose a presentation of summarized financial data for 3ABN Philippines, Inc. This information is not available to the Organization. In our opinion, disclosure of this information is required to conform with accounting principles generally accepted in the United States of America.

In connection with the recording of real estate revocable trusts, the fair values of the trusts were based on internal estimates performed by the Organization. We were unable to obtain sufficient evidential matter in connection with the estimates of fair value.

In our opinion, except for the effects of the items discussed in the third and fourth paragraphs, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to apply adequate procedures to the real estate revocable trusts as discussed in the fifth paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Three Angels Broadcasting Network, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with auditing standards generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Program Service Expenses and Schedule of Supporting Service Expenses are presented for purposes of additional analysis and are not required parts of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of such adjustments, if any, for the items mentioned in the preceding paragraphs, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Gray Hunter Stenn LLP

September 18, 2012
Marion, Illinois

THREE ANGELS BROADCASTING NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Current Assets	
Cash	$ -
Contributions receivable	411,240.97
Contributions receivable - bequests	30,539.23
Accounts receivable, net of allowance for uncollectible accounts of $135,012.96	205,293.77
Investments	59,320.08
Employee advances	11,145.81
Notes receivable	2,059.97
Deposits	400.00
Inventory	308,057.05
Prepaid expenses	171,120.77
Charitable gift annuities	609,622.07
Beneficial interest in charitable remainder unitrust	19,516.02
Assets held for sale	2,747,218.54
Total Current Assets	$ 4,575,534.28
Non-Current Assets	
Cash restricted to investment in capital assets	$ 502,867.40
Notes receivable	102,389.77
Investments	2,627,907.00
Deposits	282,150.75
Revocable trusts	39,096,887.16
Charitable gift annuities	13,822,570.97
Beneficial interest in charitable remainder unitrust	429,256.36
Assets held for sale	215,251.00
Property and equipment, less accumulated depreciation	8,345,364.26
Total Non-Current Assets	$ 65,424,644.67
Total Assets	$ 70,000,178.95

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	$ 420,726.10
Due to cash trust fund	239,000.87
Accrued wages and vacation pay	245,376.08
Accrued sales and payroll taxes	9,372.89
Accrued real estate tax	143,816.04
Deferred revenue	477,578.16
Current portion of long-term debt	20,000.00
Funds due to other ministries	45,185.35
Charitable gift annuities	609,622.07
Liabilities under unitrust agreements	58,062.24
Total Current Liabilities	$ 2,268,739.80
Long-term Liabilities	
Long-term debt	$ -
Refundable advances	39,096,887.16
Charitable gift annuities	13,466,088.81
Liabilities under unitrust agreements	1,416,101.03
Other long-term liabilities	3,000.00
Total Long-term Liabilities	$ 53,982,077.00
Total Liabilities	$ 56,250,816.80
Net Assets	
Unrestricted	$ 8,921,841.58
Temporarily restricted	4,827,520.57
Total Net Assets	$ 13,749,362.15
Total Liabilities and Net Assets	$ 70,000,178.95

See accompanying notes.

THREE ANGELS BROADCASTING NETWORK, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash Flows from Operating Activities:		
Cash received from contributions	$	13,496,510.02
Cash received from airtime and production fees		1,857,872.60
Cash received from sales		2,439.22
Rental receipts		53,141.68
Interest received		7,122.27
Other receipts		129,966.27
Cash paid to employees and suppliers		(3,675,944.65)
Cash paid for program service		(10,095,587.53)
Interest paid		(23,573.23)
Cash paid for school subsidy		(69,950.88)
Cash paid for rental and miscellaneous expense		(26,139.82)
Net Cash Provided by Operating Activities	$	1,655,855.95
Cash Flows from Investing Activities:		
Purchases of property and equipment	$	(584,760.22)
Proceeds from sales of property and equipment		446.00
Purchases of gift annuity assets		(3,272,042.03)
Proceeds from sale of gift annuity assets		500,000.00
Proceeds from sales of investments		422,711.41
Proceeds from assets held for sale		385,796.37
Net change in notes receivable		(27,540.97)
Transfer of restricted contributions to restricted cash		(651,386.74)
Release of restricted cash for designated purposes		213,875.84
Release of restricted cash for non-designated purposes		760,656.78
Net Cash Used by Investing Activities	$	(2,252,243.56)
Cash Flows from Financing Activities:		
Repayment of borrowings from revocable trusts	$	(54,999.13)
Contributions restricted for investment in equipment		651,386.74
Net Cash Provided by Financing Activities	$	596,387.61
Net decrease in cash and cash equivalents	$	-
Cash and cash equivalents at December 31, 2010		-
Cash and cash equivalents at December 31, 2011	$	-
Reconciliation of Decrease in Net Assets to Net Cash Provided by Operating Activities:		
Decrease in net assets	$	(2,094,286.57)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation		1,142,351.28
Prior period adjustment		632,381.64
Loss on disposal of fixed assets		4,140.44
Write-down of assets held for sale		1,216,000.00
Provision for bad debts		51,207.02
Change in value of split-interest agreements		87,659.00
Contributions restricted to investment in equipment		(651,386.74)
Net unrealized and realized gains and losses on investments		(2,445.53)
Donated assets		(480,836.73)
Decrease in accounts receivable		254,369.74
Increase in employee advances		(5,163.40)
Increase in contribution receivable		(67,518.40)
Increase in contribution receivable - Bequests		(24,439.23)
Decrease in inventory		41,387.96
Decrease in deposits		4,900.00
Decrease in prepaid expense		54,946.04
Decrease in accounts payable		(172,946.03)
Decrease in funds due to other ministries		(32,464.30)
Increase in accrued wages, taxes and other		6,748.97
Decrease in accrued real estate tax		(6,024.00)
Decrease in deferred revenue		(101,345.14)
Increase in charitable gift annuity liability		1,798,619.93
Net Cash Provided by Operating Activities	$	1,655,855.95

See accompanying notes.

THREE ANGELS BROADCASTING NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

a. Nature and purpose of operations. Three Angels Broadcasting Network, Inc. is an Illinois nonprofit corporation chartered March 26, 1985. Its purpose is exclusively religious in nature and includes, but is not limited to, the development, planning, promotion, production, and direction in cooperation with various Seventh-day Adventist organizations, all types of Seventh-day Adventist programming for electronic transmission for television, radio, and other media broadcasting throughout the world.

The Organization's primary funding sources are individual and corporate contributions.

b. Principles of presentation. These financial statements are intended to present the financial position, results of operations and cash flows of Three Angels Broadcasting Network, Inc. in conformity with U.S. generally accepted accounting principles.

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

d. Property, equipment and depreciation. Three Angels Broadcasting Network, Inc. reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent of explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service. The Organization's policy is to capitalize fixed assets with a cost of $1,000.00 or more. Purchased fixed assets are carried at cost. Donated fixed assets are carried at fair market value as of the contribution date. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized.

e. Cash and cash equivalents. For purposes of reporting cash flows, cash and cash equivalents include unrestricted cash on hand, unrestricted cash in banks, and unrestricted cash invested in money market funds.

f. Tax status. The Internal Revenue Service has determined that Three Angels Broadcasting Network, Inc. is an exempt organization within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Organization files information returns in the federal jurisdiction and Illinois. The federal and state information returns prior to 2009 are closed.

g. Inventories. Inventories are stated at the lower of cost or market, determined by the FIFO method. Inventory on hand includes programming items, literature, and various promotional items. Shipping costs on inventory are included in cost of goods sold.

h. Accounts receivable. Accounts receivable are recorded at their net realizable values. The Organization provides an allowance for uncollectible accounts. The allowance for accounts receivable is based upon management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. The aging of the accounts receivable is reviewed on an annual basis for accounts deemed to be uncollectible.

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

2. PROPERTY AND EQUIPMENT

Fixed assets and accumulated depreciation at December 31, 2011 are summarized as follows:

Land	$ 613,060.41
Land improvements	548,828.44
Buildings	6,389,320.10
Houses	725,580.07
Downlink equipment	8,560,566.53
Broadcast and office equipment	14,375,426.30
Vehicles	1,857,978.08
Construction in progress	138,117.21
Total	$ 33,208,877.14
Accumulated Depreciation	(24,863,512.88)
Fixed Assets - Net	$ 8,345,364.26

Depreciation expense for the year ended December 31, 2011 was $1,142,351.28.

3. INVESTMENTS

The following investments consist of money market accounts, United States government securities, mutual funds, and equities.

Fair values of the investments were provided by dealer or bank quotes. Fair values and unrealized gains (losses) are summarized as follows:

Investments held for operating purposes:	Book Value	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
Equities	$ 1,094.60	$ 1,257.84	$ 163.24	$ -
Sub-total	$ 1,094.60	$ 1,257.84	$ 163.24	$ -

Investments held for charitable trusts:	Book Value	Fair Value	Gross Unrealized Gain	Gross Unrealized Loss
Money market accounts	$ 99,220.47	$ 99,220.47	$ -	$ -
Government securities	77,721.00	78,131.00	410.00	-
Mutual funds	2,267,566.96	2,237,742.24	30,752.68	60,577.40
Equities	-	270,875.53	270,875.53	-
Sub-total	$ 2,444,508.43	$ 2,685,969.24	$ 302,038.21	$ 60,577.40
Total Investments	$ 2,445,603.03	$ 2,687,227.08	$ 302,201.45	$ 60,577.40

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting standards establish a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities and corporate debt securities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity investments.

The fair value hierarchy of investments accounted for at fair value on a recurring basis at December 31, 2011 is as follows:

	12/31/11	Level 1	Level 2	Level 3
Money market accounts	$ 99,220.47	$ 99,220.47	$ -	$ -
Government securities	78,131.00	78,131.00	-	-
Mutual funds	2,237,742.24	2,237,742.24	-	-
Equities	272,133.37	272,133.37	-	-
Total	$ 2,687,227.08	$ 2,687,227.08	$ -	$ -

The following schedule summarizes the investment return and its classification in the statement of activities for the year ending December 31, 2011:

Operating investments:	Unrestricted	Temporarily Restricted	Total
Interest income	$ 7,122.27	-	$ 7,122.27
Net realized and unrealized gains (losses)	2,445.53	-	2,445.53
Total Investment Return	$ 9,567.80	$ -	$ 9,567.80

Investment return on assets held for charitable trusts is included in the change in value of split interest agreements on the Statement of Activities.

4. LEASED PROPERTY

Three Angels Broadcasting Network, Inc. leases transponder services, and various parcels of land, for the establishment of downlink installations under operating leases expiring in various years through 2017.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 2011 for each of the next five years and in the aggregate are:

2012	$ 2,797,134.50
2013	1,833,219.14
2014	749,361.88
2015	143,296.15
2016 and beyond	44,664.25
Total minimum future rental payments	$ 5,567,675.92

Total minimum future rental payments have not been reduced by $164,000.00 of sub-lease rentals to be received in the future under non-cancelable sub-leases.

Rental expense for the year ended December 31, 2011 was approximately $3,781,827.23. These costs are included in various expense categories.

5. LONG-TERM DEBT

Following is a summary of long-term debt at December 31, 2011:

Note payable to individual, due within 30 days after demand, interest at 7.0%, due quarterly. Debt is relieved in the event of the lender's death.	$ 20,000.00
	$ 20,000.00
Less: Current maturities	20,000.00
Long-Term Portion of Debt	$ -

Total interest expense for notes payable and other obligations during the year ended December 31, 2011 was $1,400.00.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2011:

Capital assets	$ 1,488,126.72
Operations	216,246.88
Special projects and other	1,462,568.62
Charitable unitrusts	1,660,578.35
Total	$ 4,827,520.57

7. RELEASE OF TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Purpose restrictions accomplished:	
Capital Assets	$ 213,875.84
Operations	1,438,114.00
Special projects and other	392,751.39
Transponder fees	395,469.22
Total purpose restrictions accomplished	$ 2,440,210.45
Maturity of split-interest agreements	-
Total net assets released from restrictions	$ 2,440,210.45

8. DONATED ASSETS

During the year ended December 31, 2011, the Organization received donated assets valued at $480,836.73. The assets received are recorded at fair market value and are included in contribution revenue.

9. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. Advertising costs for the year ended December 31, 2011 were $37,666.52.

10. SPLIT-INTEREST AGREEMENTS

Three Angels Broadcasting Network, Inc. is the beneficiary of several irrevocable charitable remainder unitrust agreements under which the assets funding the trusts were transferred to the Organization. Under these agreements, the Organization is to pay certain amounts for specified periods of time to the donors. The assets received are recorded at fair market value in the financial statements. The liabilities under unitrust agreements are recorded at the present value of expected future cash flows to be paid to the donors. Discount rates range from 6.0% to 7.4% in calculating the present value of the liabilities under unitrust agreements. The present value calculations are based upon single or joint life expectancy as applicable.

The Organization is the beneficiary of two charitable remainder unitrusts under which a third party maintains control of the trust assets. Under these agreements, the Organization will receive their portion of the trust assets upon the death of the donors. The beneficial interest in the charitable remainder unitrusts has been recorded, at the present value of the estimated future distributions, in the financial statements.

The Organization is the beneficiary of several revocable cash trust and property trust agreements. Assets received under revocable trust agreements are recorded as assets and refundable advances at fair value when received. Contribution revenue for the assets received is recognized when the agreements become irrevocable or when the assets are distributed to the Organization for its unconditional use. It is the Organization's policy, upon revocation, to remit the amounts deposited, plus any accrued, unpaid, or capitalized interest on the account, including situations where the account value has decreased below the amounts deposited.

The Organization is the beneficiary of several charitable gift annuities under which the assets funding the agreements were transferred to the Organization. Under these agreements the Organization is to pay fixed amounts for specified periods of time to the donors. The assets received are recorded at fair market value in the financial statements. The annuity liabilities are recorded at the present value of expected future cash flows to be paid to the annuity beneficiaries. Various discount rates are used in calculating the present values of the annuity liabilities. Present value calculations on some annuities are based upon single life expectancy, while others are based upon double life expectancy.

By Board action December 5, 2007, the Organization internally assigned company owned buildings and real estate with a historical cost of $7,387,380.00 to the annuities asset account.

California requires gift annuity assets be maintained in separate reserve funds adequate to meet future payments under outstanding California annuity agreements. The Organization has separately invested funds sufficient to meet the California reserve requirements. A summary of gift annuity assets at December 31, 2011 is as follows:

Level 1 Inputs:	Cost	Fair Value
California	$ 5,341,558.28	$ 5,470,915.35
All other states	8,675,813.20	8,961,277.69
Total	$14,017,371.48	$14,432,193.04

California requires that 50% of the required reserves be maintained in specified governmental fixed income investments. The remaining 50% can be invested in securities traded on the New York and American Stock Exchanges, regional exchanges, and NASDAQ.

11. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent December 31, 2011 contributions received in January, 2012.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash, investments, accounts receivable, contributions receivable, notes receivable, charitable gift annuities, accounts payable, notes payable, funds due to other ministries, accrued expenses, and liabilities under unitrust agreements. The Organization estimates that the fair values of all financial instruments at December 31, 2011, other than investments which are recorded at fair value, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimates, however, are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

13. RELATED PARTY TRANSACTIONS

The Organization regularly engages in transactions with various related parties. Following is a summary of related party transactions for the year ending December 31, 2011:

	Due From	Due To	Sales To	Contributions To	Contributions From
Employee advances	$ 11,145.81	$ -	$ -	$ -	$ -
Cash trusts	-	239,000.87	-	-	-
Operating cash	239,000.87	-	-	-	-
Three Angels T.V. and Radio Broadcast (Russia)	-	-	-	415,210.05	-
3ABN Phillippines, Inc. (Phillipines)	-	-	-	141,848.37	-
DLS Publishing, Inc.	-	-	30,000.00	-	-
Board Directors	-	-	-	-	531,891.60
Total	$ 250,146.68	$ 239,000.87	$ 30,000.00	$ 557,058.42	$ 531,891.60

3ABN Philippines, Inc. (Philippines) is a separate legal entity. Three Angels Broadcasting Network, Inc. exercises control over this entity by providing the majority of their revenue. See Note 14 regarding Three Angels T.V. and Radio Broadcast Network (Russia).

14. BRANCH

The Organization established a branch of Three Angels Broadcasting Network, Inc. in Nizhny Novgorod, Russia. The official name of the branch is Three Angels TV & Radio Broadcasting Network. The branch is not a separate legal entity, and acts on behalf, by order, and under the responsibility of the Organization. The Organization pays for the majority of operating costs and capital improvements of the branch. All of these costs are expensed as incurred by the Organization. Transactions of the branch are not included in these financial statements.

15. CONCENTRATION OF CREDIT RISK

Three Angels Broadcasting Network, Inc. maintains cash balances at several banks. Beginning December 31, 2010, and running through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account, at all FDIC insured institutions. MMDA and NOW accounts are not eligible for this unlimited insurance coverage, regardless of the interest rate, even if no interest is paid on the account. Other interest bearing accounts, including MMDA and NOW accounts, are insured by the FDIC up to $250,000.00. At December 31, 2011, the Organization did not have any uninsured cash balances.

16. DONOR RESTRICTED FUNDS

The Organization has not maintained an appropriate amount of cash and cash equivalents to comply with donor imposed restrictions. As of December 31, 2011, remaining contributions designated for long-term purposes, or received with donor imposed restrictions limiting their use to long-term purposes totaled $1,313,126.72. The Organization's cash balance as of December 31, 2011, which has been reclassified to Cash Restricted to Investment in Capital Assets in the Statement of Financial Position, totals $502,867.40. This shortfall of $810,259.32 resulted from the Organization's use of these funds for current operations.

17. PRIOR PERIOD ADJUSTMENT

The Organization determined that the charitable gift annuities liability was understated by $632,381.64 for the year ended December 31, 2010. This resulted in a reclassification between Charitable Gift Annuities Liability, which was understated, and Unrestricted Net Assets, which was overstated.

18. SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2011, the date of the most recent Statement of Financial Position, have been evaluated for possible adjustment to the financial statements or disclosure is September 18, 2012 which is the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THREE ANGELS BROADCASTING NETWORK, INC.
SCHEDULE OF PROGRAM SERVICE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

Television and Radio Broadcasting Expenses

Airtime	$ 2,740,288.54
Auto	56,519.56
Broadcast services	204,776.45
Cable promotion	3,516.00
Contract labor	130,141.80
Cost of goods sold and given away - Satellite equipment	45,733.22
Cost of goods given away - Other	513,933.48
Depreciation	1,142,351.28
Downlink	1,216,826.38
Dues and subscriptions	3,758.04
Music production	143,245.62
Newsletter	258,854.90
Postage	371,860.17
Registration	50,418.10
Special projects	631,427.39
Supplies - broadcasting	113,350.83
Telephone	280,381.37
Travel and entertainment	317,013.25
Utilities	224,817.60
Wages and benefits	3,081,132.48
Total Television and Radio Broadcasting Expenses	$ 11,530,346.46

THREE ANGELS BROADCASTING NETWORK, INC.
SCHEDULE OF SUPPORTING SERVICE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

Management and General Expenses		
Advertising and promotion	$	37,666.52
Auto		41,342.23
Bad debts		51,207.02
Bank and credit card fees		92,746.82
Camp meeting		29,651.40
Contract labor		840.00
Insurance		346,020.88
Interest		23,573.23
Love gifts		4,657.62
Miscellaneous		16,900.81
Postage		41,318.84
Professional fees		390,490.32
Rental		9,239.01
Repair and maintenance - Buildings		76,016.31
Repair and maintenance - Equipment		189,527.89
School subsidy		69,950.88
Special projects		44,127.63
Supplies - office		193,926.30
Taxes - real estate		141,627.60
Travel and entertainment		170,220.21
Trust promotion		68,000.71
Wages and benefits		1,796,205.26
Total Management and General Expenses	$	3,835,257.49

THREE ANGELS BROADCASTING NETWORK, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support			
Contributions	$ 9,102,280.63	$ 2,735,832.76	$ 11,838,113.39
Charitable gift annuities	1,473,422.10	-	1,473,422.10
Airtime and production fees	1,706,698.00	-	1,706,698.00
Sales of satellite equipment	2,439.22	-	2,439.22
Rental income	51,291.68	-	51,291.68
Investment income	7,122.27	-	7,122.27
Insurance proceeds	54,252.50	-	54,252.50
Gain (loss) on disposal of assets	(920,140.44)	(300,000.00)	(1,220,140.44)
Net unrealized and realized gains and (losses) on investments	2,445.53	-	2,445.53
Change in value of split-interest agreements	(67,756.06)	(19,902.94)	(87,659.00)
Other	75,713.77	-	75,713.77
Net assets released from restrictions	2,440,210.45	(2,440,210.45)	-
Total Revenues and Other Support	$ 13,927,979.65	$ (24,280.63)	$ 13,903,699.02
Expenses			
Program service			
Television and radio broadcasting	$ 11,530,346.46	$ -	$ 11,530,346.46
Supporting service			
Management and general	3,835,257.49	-	3,835,257.49
Total Expenses	$ 15,365,603.95	$ -	$ 15,365,603.95
Change in net assets before prior period adjustment	$ (1,437,624.30)	$ (24,280.63)	$ (1,461,904.93)
Prior period adjustment	(632,381.64)	-	(632,381.64)
Change in Net Assets	$ (2,070,005.94)	$ (24,280.63)	$ (2,094,286.57)
Net assets, beginning of year	10,991,847.52	4,851,801.20	15,843,648.72
Net assets, end of year	$ 8,921,841.58	$ 4,827,520.57	$ 13,749,362.15

See accompanying notes.