WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Report

December 31, 2014 and 2013

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
World Radio Missionary Fellowship, Inc.
d.b.a. Reach Beyond
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of World Radio Missionary Fellowship, Inc. d.b.a. Reach Beyond (Reach Beyond), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

2435 Research Parkway, Suite 200
Colorado Springs, CO 80920
719.528.6225
capincrouse.com

Board of Trustees
World Radio Missionary Fellowship, Inc.
d.b.a. Reach Beyond
Colorado Springs, Colorado

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of World Radio Missionary Fellowship, Inc. d.b.a. Reach Beyond as of December 31, 2014 and 2013, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 20 to the consolidated financial statements, certain errors resulting in understatement of amounts previously reported for accounts payable, accrued expenses, and expenses as of and for the year ended December 31, 2013, were discovered by management of Reach Beyond during the current year. Accordingly, amounts reported for accounts payable, accrued expenses, and expenses from discontinued operations have been restated in the 2013 consolidated financial statements now presented, and an adjustment has been made to net assets as of December 31, 2012, to correct the error. Our opinion is not modified with respect to that matter.

Capin Crouse LLP

Colorado Springs, Colorado
May 29, 2015

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Consolidated Statements of Financial Position

	December 31, 2014	December 31, 2013
ASSETS:		
Cash and cash equivalents	$ 2,073,398	$ 3,095,833
Investments	11,299,930	12,045,810
Accounts receivable–net	296,008	825,886
Inventory	326,832	635,506
Prepayments and other assets	332,040	331,075
Interest receivable	522,000	-
Assets held for sale	12,085,181	10,664,165
Notes receivable	8,000,000	8,412,250
Property and equipment–net:		
United States	842,622	859,566
Other countries	1,102,620	801,982
Assets under gift annuity and trust agreements	5,458,333	5,611,282
Total Assets	$ 42,338,964	$ 43,283,355
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 593,826	$ 1,330,291
Contingent liability	786,850	786,850
Liabilities associated with assets held for sale	7,225,239	6,817,226
Grants payable	1,266,729	-
Deferred compensation benefits	321,073	469,164
Deferred gain on sale of assets	6,660,757	7,275,785
Liabilities under gift annuity and trust agreements	3,955,237	4,219,530
	20,809,711	20,898,846
Net assets:		
Unrestricted:		
Designated–annuity reserves	1,436,191	1,359,283
Equity in assets held for sale	4,859,942	3,846,939
Equity in property and equipment	1,945,242	1,661,548
Operating	7,888,373	9,569,660
	16,129,748	16,437,430
Temporarily restricted:		
Projects	2,406,998	2,521,460
Missionary support	2,925,602	3,393,150
Irrevocable charitable trusts	66,905	32,469
	5,399,505	5,947,079
	21,529,253	22,384,509
Total Liabilities and Net Assets	$ 42,338,964	$ 43,283,355

See notes to consolidated financial statements

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Consolidated Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE:						
Public support:						
Contributions	$ 2,669,311	$ 11,403,077	$ 14,072,388	$ 2,864,085	$ 10,699,679	$ 13,563,764
Donated goods and services	955,367	-	955,367	1,365,632	-	1,365,632
	3,624,678	11,403,077	15,027,755	4,229,717	10,699,679	14,929,396
Revenue:						
Hospital and medical service income	1,062,825	-	1,062,825	1,241,744	-	1,241,744
Investment income	362,454	-	362,454	371,148	-	371,148
Radio broadcast fees	213,938	-	213,938	237,516	-	237,516
Change in value of annuities and trusts	27,076	34,436	61,512	833,280	(113,948)	719,332
Interest income from note receivable	522,000	-	522,000	-	-	-
Gain on sale of assets	549,803	-	549,803	38,150	-	38,150
Other income	724,612	-	724,612	732,183	-	732,183
	3,462,708	34,436	3,497,144	3,454,021	(113,948)	3,340,073
Total Public Support and Revenue	7,087,386	11,437,513	18,524,899	7,683,738	10,585,731	18,269,469
NET ASSETS RELEASED:						
Purpose restrictions	11,432,482	(11,432,482)	-	10,614,471	(10,614,471)	-
Administrative assessments	552,605	(552,605)	-	520,174	(520,174)	-
Total Net Assets Released	11,985,087	(11,985,087)	-	11,134,645	(11,134,645)	-
EXPENSES:						
Program services:						
Media	8,394,420	-	8,394,420	7,499,485	-	7,499,485
Healthcare	3,064,519	-	3,064,519	2,510,647	-	2,510,647
Leadership development	1,656,864	-	1,656,864	1,801,746	-	1,801,746
Missions awareness	1,998,063	-	1,998,063	1,819,725	-	1,819,725
	15,113,866	-	15,113,866	13,631,603	-	13,631,603

(continued)

See notes to consolidated financial statements

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Consolidated Statements of Activities

(continued)

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES, continued:						
Supporting activities:						
General and administrative	3,691,822	-	3,691,822	3,568,228	-	3,568,228
Fund-raising	745,981	-	745,981	786,231	-	786,231
	4,437,803	-	4,437,803	4,354,459	-	4,354,459
Total Expenses	19,551,669	-	19,551,669	17,986,062	-	17,986,062
Change in Net Assets From Continuing Operations	(479,196)	(547,574)	(1,026,770)	832,321	(548,914)	283,407
Net Gain (Loss) on Discontinued Operations	171,514	-	171,514	(918,371)	-	(918,371)
Change in Net Assets	(307,682)	(547,574)	(855,256)	(86,050)	(548,914)	(634,964)
Net Assets, Beginning of Year, as Previously Stated	16,437,430	5,947,079	22,384,509	17,261,406	6,495,993	23,757,399
Prior Period Adjustment	-	-	-	(737,926)	-	(737,926)
Net Assets, Beginning of Year, as Restated	16,437,430	5,947,079	22,384,509	16,523,480	6,495,993	23,019,473
Net Assets, End of Year	$ 16,129,748	$ 5,399,505	$ 21,529,253	$ 16,437,430	$ 5,947,079	$ 22,384,509

See notes to consolidated financial statements

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Consolidated Statements of Cash Flows

	Year Ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (855,256)	$ (634,964)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	246,160	278,122
Net realized and unrealized gains on sales of investments	(73,511)	(263,121)
Reinvested dividends	(299,541)	(108,027)
Gain on sale of assets	(549,803)	(38,150)
Gift portion of annuities and trusts	(49,832)	(29,808)
Change in value of annuities and trusts	(61,512)	(719,332)
Changes in operating assets and liabilities:		
Accounts receivable	529,878	(410,235)
Inventory	308,674	83,388
Prepayments and other assets	(965)	(93,114)
Interest receivable	(522,000)	-
Assets held for sale	(1,627,346)	361,580
Accounts payable and accrued expenses	(736,465)	401,237
Liabilities associated with assets held for sale	408,013	102
Grants payable	1,266,729	-
Deferred compensation benefits	(148,091)	(383,187)
Deferred gain on sale of assets	(415,028)	-
Net Cash Used by Operating Activities	(2,579,896)	(1,555,509)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Deposits made on assets held for sale	400,000	3,170,785
Refunds of deposits made on assets held for sale	(600,000)	-
Purchases of property and equipment	(384,261)	(266,077)
Proceeds from sales of property and equipment	610,540	38,619
Purchases of investments	(14,139,348)	(3,688,983)
Proceeds from sales of investments	15,258,280	1,280,875
Proceeds from notes receivable	412,250	-
Change in assets under gift annuity and trust agreements	152,949	(103,076)
Net Cash Provided by Investing Activities	1,710,410	432,143
CASH FLOWS FROM FINANCING ACTIVITIES:		
Annuity and trust payments	(610,239)	(711,676)
Investment income from trust and annuity assets	374,735	764,668
Proceeds from annuities and trusts	82,555	50,084
Net Cash Provided (Used) by Financing Activities	(152,949)	103,076
Change in Cash and Cash Equivalents	(1,022,435)	(1,020,290)
Cash and Cash Equivalents, Beginning of Year	3,095,833	4,116,123
Cash and Cash Equivalents, End of Year	$ 2,073,398	$ 3,095,833
Supplemental Disclosure:		
Assets transferred from assets held for sale	$ 206,330	$ -

See notes to consolidated financial statements

1. NATURE OF ORGANIZATION:

Reach Beyond (formerly doing business as HCJB Global until January 2014), known officially as World Radio Missionary Fellowship, Inc. (doing business as Reach Beyond), is an interdenominational, international Christian mission committed to communicating the gospel of Jesus Christ to all nations via international shortwave radio, local AM/FM radio, satellite, Internet, television, healthcare, printed materials, and education. Reach Beyond is governed by a board of trustees which meets regularly to set policies and direct the work of the mission.

Reach Beyond is a faith mission, dependent upon God as He prompts interested individuals, local churches, and other organizations to meet financial needs. Strict fiscal integrity is maintained. Reach Beyond is a charter member of the Evangelical Council for Financial Accountability (ECFA) and the Missio Nexus.

Reach Beyond is a nonprofit corporation established in 1931 in Ohio with subsequent incorporation as a Florida charitable corporation in 1976. Reach Beyond is recognized as a church by the Internal Revenue Service and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state law. Contributions to Reach Beyond qualify for the charitable contribution deduction under Code Section 170(b)(1)(A). Reach Beyond has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

Since 1931 Reach Beyond’s passion has been to make disciples of Jesus Christ. Through the practical tools of media and healthcare, the mission is touching lives and empowering the voice and hands of believers around the world. Local believers are being equipped to impact their communities and the world as missionaries, pastors, broadcasters and healthcare providers. Together with our partners, radio stations have been established in more than 400 communities in more than 100 countries, broadcasting in more than 120 languages and dialects. Christ-centered healthcare through hospitals, clinics and community development programs is touching thousands of lives.

Reach Beyond exists so that people world-wide come to Christ, become His disciples, and serve Him as active vital parts of the body of Christ. Reach Beyond places priority on multiplying the resources God has given us by creating sustainable and reproducible ministry, and empowering others to do the same. Reach Beyond's vision is to see people everywhere transformed in Christ, engaged in the growing Church and empowered to ignite reproducing ministries that bring His light to their communities.

Reach Beyond’s mission is “Empowering dynamic media and healthcare ministries that declare and demonstrate Jesus Christ.”

1. NATURE OF ORGANIZATION, continued:

Reach Beyond operates on a set of visionary core statements known as the Reach Beyond Manifesto. The Manifesto serves as “compass point” by which ministry projects are developed and conducted. It reads as follows:

The Unreached - We refuse to stand idly by as people enter eternity without Christ when we can share the Good News that transforms them through the media they use. (Acts 5:40 – 42)

The Weak and Infirm - We refuse to watch people for whom Christ died suffer in pain and poverty when we can help restore them in His name. (Isaiah 61:1-3)

The Resistant - We refuse to fear the darkness that entraps people when common sense says, "protect yourself." We will put on the armor of God and pray fervently for the sake of the unreached. (Ephesians 6: 10-20)

Partnership - We will release what God has given us to empower others to multiply God's Kingdom through the gifts He has given them. (Romans 12 :4-5)

Technology - We will leverage, to the best of our ability, God's gift of media and medical technology to reveal His eternal wisdom to those who have never heard the name of Jesus. (Habakkuk 2: 2-3, 2 Timothy 4:2)

Resources - We will employ every resource, talent and ounce of energy God gives us to shine the light of His grace into the darkest recesses of the planet. (Matthew 25: 14-30)

Declaration - We will shout from every peak, pinnacle and rooftop that the only hope for this dying world is a relationship with Jesus Christ. (Psalm 96: 2-5, Acts 4:12)

Summary - As long as God provides His abundant grace, we will not stop or be deterred from this calling. We work relentlessly for the day when a gaze around the expanse of heaven reveals thousands worshipping at Jesus' feet because of the mission He gave us for this moment in eternity. (Revelation 5: 9-10)

1. NATURE OF ORGANIZATION, continued:

Ministries are conducted in furtherance of the exempt purposes of the organization through the following:

Media – Reach Beyond Voice delivers the gospel through the most effective medium for each target audience and culture. The message is carried on FM, AM, shortwave, direct-to-home satellite, television, and the Internet. Reach Beyond Voice works with local partners to plant new radio ministries in many countries around the world. Internet chat rooms open doors to many people who do not listen to Christian radio while shortwave and satellite broadcasts reach into remote and closed areas of the world. Reach Beyond Voice's highly qualified missionary engineers design, build, and install the innovative broadcasting equipment best suited to each locale.

Healthcare – The healthcare ministries of Reach Beyond Hands developed early in its history, and in 1955 the organization's first hospital, Hospital Vozandes-Quito, opened its doors. Reach Beyond operates a healthcare system offering a full spectrum of services. The focus is on integrated patient care, medical education, and unmet community needs. Reach Beyond Hands operates a hospital in Quito, Ecuador, satellite clinics in Ecuador and assists rural areas in obtaining clean water and improved sanitation. Mobile medical clinics provide medical and dental treatment to remote areas. The activities of the hospitals in Quito and Shell, Ecuador, are both included in discontinued operations as the Shell hospital was shut down in 2013 and the Quito hospital is held for sale. Today, Reach Beyond Hands is taking what has been learned at the hospitals, neighborhood clinics, mobile medical clinics, and water projects and using that experience to help partner organizations plant new medical ministries and support existing medical ministries around the world. Reach Beyond Hands is actively involved with emergency medical response teams globally to areas in crisis.

Leadership Development – Reach Beyond trains media personnel, healthcare professionals, and national church leaders to impact their own nations. The Christian Center of Communications offers a three-year college-level media program in Quito, Ecuador, integrating communications and technical courses with biblical knowledge and practical experience. The program is accredited both in Ecuador and as a branch of Northwestern College in St. Paul, Minnesota. Due to new government regulations on higher learning institutions in Ecuador and the fact that the current classroom setting was unsustainable with the number of students, prior to the 2011-2012 school year, Reach Beyond management made the decision to not accept new students and wind down the program with the school year 2012-2013. Considering other distant learning possibilities, internet use and other options Reach Beyond continues to explore educational opportunities for the future. Reach Beyond also operates training programs in each of the five regions, offering education in areas such as radio production, communication theory, journalism, station management, technical maintenance, promotion, and cooperation. A teaching hospital in Quito trains national medical professionals as externs and interns as well as offering ophthalmology and family practice residencies in medicine. The Quito hospital is affiliated with five Ecuadorian universities for medical, nursing, paramedical, and ear nose throat education. Apoyo trains national pastors and leaders. "Corrientes" is a training strategy, launched in October 2009, to assist in mobilizing believers to go where God has called them as part of the Great Commission.

1. NATURE OF ORGANIZATION, continued:

Missions Awareness – Reach Beyond helps mobilize interested individuals to get involved in the work of missions throughout the world through praying, going, and giving.

FOREIGN OPERATIONS

In connection with its worldwide ministry, Reach Beyond maintains hospitals, broadcasting stations, and certain supporting facilities in various countries outside the United States. These consolidated financial statements also include the material assets, liabilities, net assets, revenue, and expenses of Reach Beyond's fields worldwide. All intercompany transactions have been eliminated on the consolidated financial statements. As of December 31, 2014 and 2013, assets in other countries totaled approximately $27,070,000 and $24,918,000, and liabilities in other countries were approximately $15,758,000 and $15,193,000, respectively. Total public support and revenue received from foreign sources totaled approximately $38,183,000 and $40,249,000 for the years ended December 31, 2014 and 2013, respectively. The account balances relating to foreign operations are reflected in the consolidated financial statements in United States dollars. The majority of the assets and liabilities held in other countries and the support and revenue received from foreign sources are included in discontinued operations (Note 4).

Reach Beyond is also affiliated with representative counsels and separately incorporated entities in other ministry-funding countries including Canada, United Kingdom, Germany, France, New Zealand, Australia, and Switzerland. The financial position and results of operations of these affiliates are not consolidated or presented herewith as they are not considered to be under common control. Contributions provided by or through affiliated entities not consolidated amounted to $1,927,000 and $590,000 for the years ended December 31, 2014 and 2103, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reach Beyond maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all checking, savings, money market accounts, and certificates of deposit with an original maturity of less than three months. These accounts at times exceed federally insured limits. Reach Beyond, however, has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk. Management reviews balances on a monthly basis to limit this credit risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments, with the exception of certificates of deposit, are recorded at fair value. Certificates of deposits are carried at cost. Donated securities are recorded at fair value on the date of the gift and sold as soon as possible thereafter. Realized and unrealized gains and losses are reported in the consolidated statements of activities in the year in which they occur.

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of Reach Beyond's investments and total net assets could fluctuate materially.

ACCOUNTS RECEIVABLE

Receivables become past due when they exceed their contractual due date. The allowance for doubtful accounts is maintained at a level that, in management’s judgment, is adequate to absorb possible losses. The amount is based upon an analysis of overall trade receivables by management. Management’s evaluation of the allowance for doubtful accounts includes, but is not limited to, the historical experience of payment patterns from the customer, financial condition of the customer, other known facts and circumstances and general economic conditions. This process is based on estimates, and ultimate losses may vary from current estimates. As changes in estimates occur, adjustments to the level of the allowance are recorded in the provision for doubtful accounts in the period in which they become known. Accounts are due at the time the service is rendered or the product is provided. Reach Beyond does not accrue interest on past due receivables. Accounts are written off after all attempts to collect have been exhausted.

INVENTORY

Inventory is stated at the lower of cost or market using the weighted-average method. No reserve for obsolescence is recorded because items that are obsolete are not included in the inventory valuation.

INTEREST RECEIVABLE

Interest receivable is recorded for the note receivable discussed in Note 8. Management received full payment on this interest receivable in April 2015; therefore, no allowance is considered necessary.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment in excess of $5,000 are capitalized at cost. Donated assets to be used in the ministry are capitalized at their fair value on the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (16-25 years for buildings, and 5-15 years for furniture and equipment). If the usefulness of property and equipment is impaired prior to the estimated useful life, the property and equipment is written off and a loss is recorded. An analysis was completed during the year ended December 31, 2014, resulting in no impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ASSETS HELD FOR SALE AND RELATED LIABILITIES
At December 31, 2014 and 2013, Reach Beyond had assets held for sale, as well as liabilities associated with these assets. See footnote 4 for further disclosure regarding these assets and liabilities.

GRANTS PAYABLE
Unconditional promises to give to other organizations are recognized as an expense in the year the promise is made.

Based on the results of a feasibility study, the leadership team at Reach Beyond realizes that valuable benefits will come from making the HCJB Global Technology Center (Technology Center) an independent partner ministry of Reach Beyond. This action will advance the goal of Reach Beyond to become a more agile and target-focused organization. It will also enable the Technology Center to pursue the funding that is needed to ensure a more robust operation. Improved funding and communication opportunities would better position the Technology Center to respond quickly to the technology needs of ministry partners, including Reach Beyond. Additionally, a strategic separation would demonstrate to the broad network of individuals and organizations associated with Reach Beyond that this organization is committed to doing whatever will result in greater fruit for the Kingdom of God.

The leadership team recommended to the board of trustees that Reach Beyond take the needed steps to help the Technology Center become an independent partner ministry organization, resulting in the launching of a new corporation with the name of SonSet Solutions, Inc. After much deliberation, at both the May 2014, and September 2014 board meetings, the Reach Beyond board of trustees approved the transfer of assets, both tangible and intangible, to the new SonSet Solutions, Inc., on January 1, 2015.

DEFERRED GAIN ON SALE OF ASSETS
On December 1, 2009, Reach Beyond sold two significant assets, Ecoluz and Pifo property, for a total of $12,500,000. The sale was consummated except for completing the plat map for the Pifo property and thus the clear title deed of the Pifo property was not initially transferred over to the new buyer. Management deferred the proportional gain on the sale on the Pifo property based on the property's estimated value of $3,620,000. In April 2014, the clear title deed of the Pifo property was transferred to the land trust who will manage the payments over the following 8 years; the gain is being recognized as payments mature in accordance with the installment method of accounting.

During the year December 31, 2011, Reach Beyond sold an additional property. Since the title had not yet transferred, Reach Beyond recorded an additional deferred gain on sale for this property of $485,000. In 2014, title on this property was transferred and the gain was recognized in 2014.

2. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:</u>

DEFERRED GAIN ON SALE OF ASSETS, continued

During 2013, Reach Beyond entered into a contract to sell Hospital Vozandes-Quito (see footnote 4). As a result, the buyer made payments in 2013 and the first quarter of 2014, totaling approximately $3.2 million. Since the sale did not happen according to the contract in 2014 and Reach Beyond could not authorize a further extension, Reach Beyond requested the buyer to sign a termination agreement and Reach Beyond would refund full payment. The buyer rejected the termination agreement and instead filed two lawsuits in Ecuador against Reach Beyond. Management and legal counsel consider that in both lawsuits, a ruling against Reach Beyond is remote; therefore, a contingency has not been recorded. In May 2015, a preliminary ruling on the first lawsuit determined that the contract is null and void, and Reach Beyond must pay back approximately $3.2 million to the prospective buyer. This balance is currently recorded as deferred gain on sale of assets on the consolidated statements of financial position.

ANNUITIES PAYABLE

Reach Beyond has established a gift annuity plan whereby donors may contribute assets to Reach Beyond in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the gift annuity is considered to be a charitable contribution at the date of gift. The annuity liability is revalued annually based upon actuarially computed present values using a rate of 6%. The Annuity 2000 Gender-Based mortality table is utilized by Reach Beyond.

Reach Beyond is required to maintain legally-mandated reserves and investment guidelines for certain states in which it issues gift annuities. As of December 31, 2014, Reach Beyond is in compliance with each of the requirements of these states.

TRUST LIABILITIES

As trustee, Reach Beyond administers irrevocable charitable remainder trusts. These agreements provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. Upon receipt of charitable remainder trusts, the actuarially determined present value of future payments is recorded as a liability. The remaining portion of the trust attributable to the organization's future interest is recorded in the consolidated statement of activities as temporarily restricted contributions in the period received.

NET ASSETS

Net assets are reported in the consolidated financial statements as follows:

Unrestricted net assets are those currently available for ministry purposes under the direction of the board, those designated by the board for specific use, those resources invested in property and equipment, and required annuity reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS, continued

Temporarily restricted net assets are those contributed with donor stipulations for specific operating purposes or programs or those not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interest have ceased. Temporarily restricted net assets also include Reach Beyond's irrevocable interest in charitable trusts.

CONTRIBUTIONS

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

DONATED GOODS AND SERVICES

Reach Beyond has agreed with several independent, nonprofit organizations to have workers from these organizations work as seconded employees. Reach Beyond directs these individuals as to their job descriptions; however, the salaries and related benefits of these individuals are paid by their respective nonprofit organizations. Professional services were valued using existing missionary compensation amounts and externally published rates. For the years ended December 31, 2014 and 2013, donated services (including discontinued operations) were $1,203,453 and $1,365,449, respectively. Property, professional services, and other noncash gifts are recorded at their estimated fair value at date of donation. For the year ended December 31, 2014 and 2013, donated goods (including discontinued operations) were $1,174 and $24,583, respectively.

REVENUE RECOGNITION

Hospital and medical service income is recorded when earned, which is when the product or service has been provided to the patient. Investment income is recorded in the month it is earned. Radio broadcast fees consist of production and airing revenues, and are recorded when earned, which is when the services have been provided. Other income consists of the items noted in footnote 15, and is recorded when earned.

Reach Beyond provides care at a discounted rate to medical service patients who meet certain criteria under its charity fund. Because Reach Beyond does not pursue collection of amounts determined to qualify as uncompensated care, such amounts are not reported in total public support and revenue. Costs incurred related to services excluded from revenue under Reach Beyond's uncompensated care policy were approximately $141,000 and $234,000 for the years ended December 31, 2014 and 2013, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

EXPENSES

The costs of providing the various programs and supporting activities of the organizations have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs such as depreciation and payroll have been allocated among the program services and supporting activities benefited.

Expenses include costs of joint activities such as payroll, housing and benefits, and ministry expenses of furloughing missionaries. Joint costs for the year ended December 31, 2014 and 2013 have been allocated as follows:

	Year Ended December 31,	
	2014	2013
Program services	$ 180,982	$ 221,287
General and administrative	90,491	110,643
Fund-raising	180,982	221,287
	$ 452,455	$ 553,217

ADMINISTRATIVE ASSESSMENTS

In an effort to cover overhead (referred to as the Support Ministry Fund (SMF) and Regional Ministry Fund (RMF)), Reach Beyond charges an administrative fee on temporarily restricted contributions. The donated income assessment ranges between 10%-24%, and 2.5% for non-donated income. The administrative fees on donated income were $552,605 and $520,174 for the years ended December 31, 2014 and 2013, respectively. The administrative fees on non-gift income totaled $724,266 and $1,113,014 for the years ended December 31, 2014 and 2013, respectively. All of these funds are administered carefully with a budget and tied to the goals of the organization.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. An uncertain tax position is described in footnote 16 below.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentation.

3. FAIR VALUE MEASUREMENTS:

Reach Beyond uses appropriate valuation techniques to determine fair value based on inputs available. When available, Reach Beyond measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Fair values of assets measured on a recurring basis as of December 31, 2014 and 2013 are:

		Fair Value Measurements Using:		
	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual funds:				
Balanced funds	$ 1,445,152	$ 1,445,152	$ -	$ -
Blended funds	239,538	239,538	-	-
Fixed income funds	2,836,898	2,836,898	-	-
Foreign funds	318,870	318,870	-	-
Growth funds	177,357	177,357	-	-
Value funds	176,854	176,854	-	-
	5,194,669	5,194,669	-	-
Common stocks:				
Commodities	146,862	146,862	-	-
Real estate	366,953	366,953	-	-
	513,815	513,815	-	-
Corporate bonds:				
A credit rating	281,766	-	281,766	-
AA credit rating	101,937	-	101,937	
	383,703	-	383,703	-
Total investments, at fair value	$ 6,092,187	$ 5,708,484	$ 383,703	$ -

3. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:		
	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets held under gift annuities and trust agreements:				
Mutual funds:				
Fixed income funds	$ 1,145,551	$ 1,145,551	$ -	$ -
Foreign funds	490,309	490,309	-	-
Growth funds	970,829	970,829	-	-
Real estate funds	175,871	175,871	-	-
Value funds	962,931	962,931	-	-
	3,745,491	3,745,491	-	-
Common stocks:				
Consumer staples	3,522	3,522	-	-
Energy	48,269	48,269	-	-
Financial	20,711	20711	-	-
Industrials	7,148	7,148	-	-
Materials	6,398	6,398	-	-
Real estate	194,445	194,445	-	-
Technology	1,561	1,561	-	-
Telecommunications services	28,504	28,504	-	-
Utilities	93,780	93,780	-	-
	404,338	404,338	-	-
Mortgage-backed securities	232,160	232,160	-	-
Corporate bonds	439,264	-	439,264	-
U.S. government treasury bills	51,961	51,961	-	-
Total assets held at fair value under gift annuities and trust agreements:	$ 4,873,214	$ 4,433,950	$ 439,264	$ -

3. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:		
	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Mutual funds:				
Balanced funds	$ 1,327,402	$ 1,327,402	$ -	$ -
Blended funds	59,212	59,212	-	-
Fixed income funds	3,845,940	3,845,940	-	-
Foreign funds	318,623	318,623	-	-
Growth funds	60,165	60,165	-	-
Real estate funds	15,162	15,162	-	-
Value funds	50,852	50,852	-	-
	5,677,356	5,677,356	-	-
Common stocks:				
Commodities	120,146	120,146	-	-
Consumer staples	1,667	1,667	-	-
Real estate	190,058	190,058	-	-
Utilities	13,247	13,247	-	-
	325,118	325,118	-	-
Corporate bonds:				
A credit rating	100,565	-	100,565	-
BBB+ credit rating	50,490	-	50,490	
	151,055	-	151,055	-
Total investments, at fair value	$ 6,153,529	$ 6,002,474	$ 151,055	$ -

3. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:		
	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets held under gift annuities and trust agreements:				
Mutual funds:				
Equity	$ 181,331	$ 181,331	$ -	$ -
Fixed income funds	1,322,473	1,322,473	-	-
Foreign funds	283,352	283,352	-	-
Growth funds	1,025,553	1,025,553	-	-
Real estate funds	143,460	143,460	-	-
Value funds	1,024,997	1,024,997	-	-
	3,981,166	3,981,166	-	-
Common stocks:				
Consumer staples	1,658	1,658	-	-
Energy	53,569	53,569	-	-
Financial	20,195	20195	-	-
Industrials	5,040	5,040	-	-
Real estate	148,218	148,218	-	-
Technology	2,599	2,599	-	-
Telecommunications services	27,632	27,632	-	-
Utilities	113,914	113,914	-	-
	372,825	372,825	-	-
Mortgage-backed securities	377,372	377,372	-	-
Corporate bonds	453,009	-	453,009	-

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

3. FAIR VALUE MEASUREMENTS, continued:

		Fair Value Measurements Using:		
	December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets held under gift annuities and trust agreements, continued:				
U.S. government treasury bills	42,444	42,444	-	-
Total assets held at fair value under gift annuities and trust agreements:	$ 5,226,816	$ 4,773,807	$ 453,009	$ -

Level 1
The fair values of mutual funds, common stock, corporate bonds, and government securities are based on quoted market prices.

Level 2
The fair values of certain fixed income funds and corporate bonds are based on quoted prices in active markets for the underlying assets which are publically traded.

4. DISCONTINUED OPERATIONS:

During 2012, the board of trustees approved an action to list Hospital Vozandes-Quito (Quito Hospital) in Ecuador for sale. As of December 31, 2012, management determined that the criteria were met to record this distinct operation as held for sale. On May 9, 2013, the board approved the letter of intent with the buyer to transfer the ownership of the Quito Hospital on July 1, 2014. During 2014, this sales agreement was terminated due to lack of contractual performance by the prospective buyer; however, management believes the Quito Hospital will sell in 2015. Accordingly, as of December 31, 2014 and 2013, the related assets and liabilities of the Quito Hospital are reflected separately in the consolidated statements of financial position. The activities of the Quito Hospital have been reflected as discontinued operations in the consolidated statements of activities for the years ended December 31, 2014 and 2013 and depreciation ceased on the related fixed assets effective December 31, 2012. The Quito Hospital assets held for sale and related liabilities are recorded at the lower of carrying value or estimated fair value less cost to sell.

During 2013, the board of trustees approved an action to terminate operations of Hospital Vozandes-Shell (Shell Hospital) in Ecuador. This action was completed in December 2013. Therefore, the activities of the Shell Hospital have been reflected as discontinued operations in the consolidated statements of activities for the years ended December 31, 2014 and 2013. Determination has not yet been made for the future of the assets of the Shell Hospital. Therefore, the assets and liabilities associated with the Shell Hospital are still reported in operations on the consolidated statements of financial position.

A summary of the Quito Hospital's assets and liabilities are as follows:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 3,398,321	$ 1,459,114
Investments	102,936	69,645
Accounts receivable-net	3,824,567	4,866,161
Inventory	715,611	708,928
Prepayments and other assets	444,675	200,698
Property and equipment-net	3,599,071	3,359,619
Quito Hospital assets held for sale	$ 12,085,181	$ 10,664,165
Accounts payable and accrued expenses	$ 4,196,079	$ 4,156,022
Deferred compensation benefits	3,029,160	2,661,204
Quito Hospital liabilities	$ 7,225,239	$ 6,817,226

4. DISCONTINUED OPERATIONS, continued:

A summary of the Quito and Shell Hospital's activities recorded in discontinued operations is as follows:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Public support and revenue	$ 32,566,044	$ 34,994,207
Expenses	(32,394,530)	(35,912,578)
Net gain (loss) on discontinued operations	$ 171,514	$ (918,371)

5. INVESTMENTS:

Investments consist of:

	December 31, 2014	December 31, 2013
Cash and cash equivalents	$ 330,702	$ 313,641
Certificates of deposit	4,877,041	5,578,640
Equity mutual funds and securities	5,194,669	5,677,356
Common stock	513,815	325,118
Corporate bonds	383,703	151,055
	$ 11,299,930	$ 12,045,810

Investment income consists of:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Interest and dividends	$ 288,943	$ 108,027
Net realized and unrealized gains	73,511	263,121
	$ 362,454	$ 371,148

6. ACCOUNTS RECEIVABLE–NET:
Accounts receivable–net, consist of:

	December 31, 2014	December 31, 2013
Hospital and medical service	$ 3,376	$ 614,764
Missionary and employee advances	134,533	161,737
Other	163,739	88,078
	301,648	864,579
Allowance for doubtful accounts	(5,640)	(38,693)
	$ 296,008	$ 825,886

7. INVENTORY:
Inventory consists of:

	December 31, 2014	December 31, 2013
Hospital supplies and medicines	$ 37,336	$ 195,986
Radio broadcast materials	289,496	439,520
	$ 326,832	$ 635,506

8. NOTES RECEIVABLE:
Reach Beyond records notes receivable based upon the selling price of the property sold. Payments are applied to the principal and interest portions according to amortization schedules based upon specific terms of the agreement. The agreement also determines past due and delinquency status. Interest is recognized and accrued based on the original agreement and when earned, regardless of when paid. Based on the performance of notes, charge-off history, and individual evaluations for impairment, Reach Beyond does not have an allowance for doubtful accounts and has not identified any impaired notes as of December 31, 2014 and 2013. Reach Beyond did not recognize any charge-offs for the years ended December 31, 2014 and 2013.

As of December 31, 2014 and 2013, there is only one class of financing receivables, which is evaluated based on the following indicators: loan-to-value, collection experience, and other internal metrics. Reach Beyond writes-off uncollectible notes once all collection efforts have been exhausted and ceases to accrue interest on the balances. If a payment is collected after the note balance has been written off, Reach Beyond would first allocate the payment to accrued interest and the remainder would be applied to the principal of the note. Reach Beyond would resume accruing interest on a previously written-off note if and when a payment is made. As of December 31, 2014 and 2013, there were no notes on nonaccrual status or any notes 90 days or more past due.

8. NOTES RECEIVABLE, continued:

Notes receivable consist of:

	December 31, 2014	December 31, 2013
Note receivable from an Ecuadorian company, interest at 9%, annual payments of $1,445,395 and accrual of interest to begin upon the completion of legal proceedings securing an updated plat map for the property near the Quito airport. Note matures 8 years after completion of the transfer of title. Secured by a deed of trust. The completion of the transfer of title occurred in April 2014, and the first payment was received in April 2015.	$ 8,000,000	$ 8,000,000
Note receivable from an Ecuadorian company, bearing no interest, payable in full upon the transfer of title of property, subsequent to property lines being legally determined. Secured by a deed of trust. This note was collected in full in 2014.	-	412,250
	$ 8,000,000	$ 8,412,250

Future minimum receipts related to the notes receivable are:

Year Ending December 31,	
2015	$ 725,395
2016	790,681
2017	861,842
2018	939,408
2019	1,023,954
Thereafter	3,658,720
	$ 8,000,000

9. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, as of December 31, 2014, consist of:

	United States	Other Countries	Total
Land	$ 250,000	$ 334,047	$ 584,047
Buildings and improvements	1,793,419	2,829,140	4,622,559
Furniture and equipment	421,750	2,951,141	3,372,891
	2,465,169	6,114,328	8,579,497
Accumulated depreciation	(1,647,470)	(5,110,514)	(6,757,984)
Construction in process	24,923	98,806	123,729
	$ 842,622	$ 1,102,620	$ 1,945,242

Property and equipment–net, as of December 31, 2013, consist of:

	United States	Other Countries	Total
Land	$ 250,000	$ 335,288	$ 585,288
Buildings and improvements	1,721,580	1,694,861	3,416,441
Furniture and equipment	1,779,562	3,030,226	4,809,788
	3,751,142	5,060,375	8,811,517
Accumulated depreciation	(2,891,576)	(4,258,393)	(7,149,969)
	$ 859,566	$ 801,982	$ 1,661,548

Management has reviewed the assets in other countries and has determined that they are under the control and ownership of the organization. While such items are recognized as assets of the organization, it should be noted that the political situation in many countries is subject to rapid change. Therefore, the reader should be aware that while the organization believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. In addition, it should be understood that the carrying value of the assets in other countries may not be representative of the amount that would be realized.

10. GIFT ANNUITY AND TRUST AGREEMENTS:

The assets and liabilities of gift annuities and trust agreements consist of:

	December 31, 2014	December 31, 2013
Assets at estimated fair value:		
Cash and cash equivalents	$ 585,119	$ 384,466
Mutual funds	3,745,491	3,981,166
Bonds and mortgage backed securities	723,385	872,825
Common stocks	404,338	372,825
	$ 5,458,333	$ 5,611,282
Liabilities:		
Gift annuities	$ 3,763,634	$ 3,954,637
Irrevocable trusts	191,603	192,070
Amounts held for others	-	72,823
	$ 3,955,237	$ 4,219,530

11. CHANGE IN VALUE OF ANNUITIES AND TRUSTS:

Change in value of annuities and trusts consists of:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Interest and dividends	$ 170,356	$ 159,288
Net realized and unrealized gains	248,949	582,233
Trustor and annuitant payments and administrative expenses	(654,779)	(744,519)
Matured agreements	118,212	165,873
Actuarial change	178,774	556,457
	$ 61,512	$ 719,332

12. DEFERRED COMPENSATION BENEFITS:

Reach Beyond has several hundred Ecuadorian employees. The Ecuadorian government requires Reach Beyond to pay a retirement benefit to those employees who have obtained 20 years of service. The estimated present value of this liability as of December 31, 2014 and 2013, which has been actuarially determined by a firm in Ecuador, was $2,113,745 and $1,831,473, respectively.

Additionally, Reach Beyond also has established a nonqualified deferred compensation arrangement for its Ecuadorian employees. Employees are eligible to receive deferred compensation benefits if they have 30 years of service under the Ecuadorian social security system (and at least 10 of those years are with Reach Beyond) and are of retirement age. The estimated liability as of December 31, 2014 and 2013, which has been calculated by management, was $1,236,488 and $1,298,895, respectively.

Under a collective bargaining agreement entered into with its Ecuadorian employees, Reach Beyond is required to pay employees if they are fired from Reach Beyond after two years of service. Reach Beyond must pay the employees they fire a severance equal to one year of salary. There were no employees that were laid off at year-end, but for which their severance had not been paid in full. A liability has not been recorded for the additional employees as the amount of contingent payment is not reasonably estimable (employee needs to be fired first). If the sale of the Quito Hospital (footnote 4) or the transfer of Media Ministries (footnote 17) is executed, employees with greater than two years experience would become eligible for this benefit.

Under Ecuadorian law, if Reach Beyond fires an employee, the employee receives a severance payment for the number of months equal to 25% of the number of years of service (i.e. if an employee worked 20 years, 25% of that would be 5, so the employee would receive 5 months of severance pay). Since the benefit is not earned unless the employee is fired, a liability has not been recorded for the remaining employees. If the sale of the Quito Hospital (footnote 4) or transfer of Media Ministries (footnote 17) is executed, employees of the Quito Hospital and Media Ministries would become eligible for this benefit.

Total deferred compensation benefit liabilities are recorded as follows:

	December 31,	
	2014	2013
Amounts related to discontinued operations (footnote 4)	$ 3,029,160	$ 2,661,204
Amounts related to continuing operations	321,073	469,164
	$ 3,350,233	$ 3,130,368

13. LEASES AND OTHER COMMITMENTS:

As part of its exempt activities, Reach Beyond has incurred certain obligations and commitments relating to its broadcast and administrative operations. Total lease expense for the years ended December 31, 2014 and 2013, was $168,710 and $174,722, respectively. Future minimum payments required under license agreements and operating leases are:

Year Ending December 31,	Reach Beyond Satellite Space	Reach Beyond Other Leases	Total
2015	$ 29,406	$ 20,241	$ 49,647
2016	52,293	5,209	57,502
2017	76,776	5,209	81,985
2018	42,490	5,209	47,699
2019	18,000	-	18,000
Thereafter	91,500	-	91,500
	$ 310,465	$ 35,868	$ 346,333

During 2014, the Quito Hospital entered into contracts to purchase certain medical equipment assets. Delivery of these assets is expected to occur in 2015. As of December 31, 2014, approximately $450,000 was still owed to vendors on these contracts, and is expected to be paid in 2015.

14. EMPLOYEE BENEFIT PLANS:

MEDICAL BENEFITS

Reach Beyond's medical benefits are provided by a grantor trust (named World Radio Missionary Fellowship Health Benefits Trust) under a self-insured plan and a contract with an insurance company for major stop-loss coverage. The trust pays claims relating to medical benefits to all permanent, full-time missionaries, and home office employees. The trust is funded by employer contributions, and the liability for medical plan expenses is limited to trust assets. Total contributions paid by Reach Beyond to this plan amounted to approximately $1,341,681 and $1,299,305 for the years ended December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, there were 91 and 94 permanent, full-time missionaries and home office employees. Under the stop-loss insurance contract, the trust is liable for all expenses up to $125,000 per person per year as of December 31, 2013. The stop-loss insurance contract was eliminated in 2014. There was no maximum amount for the entire plan for the years ended December 31, 2014 and 2013. As of December 31, 2014 and 2013, the trust had assets in excess of estimated liabilities. Therefore, a liability has not been recorded by Reach Beyond on the consolidated statements of financial position.

14. EMPLOYEE BENEFIT PLANS, continued:

RETIREMENT PLAN

Reach Beyond offers a 401(k) plan that covers all career missionaries and home office employees. All full-time and part-time employees are eligible for the plan. The contribution amount is $120 per month for full time employees and $60 per month for part time employees. Employer contributions for the years ended December 31, 2014 and 2013 totaled $233,163 and $252,304, respectively.

15. OTHER INCOME:

Other income consists of the following:

	Year Ended December 31, 2014	Year Ended December 31, 2013
Project income	$ 134,497	$ 276,002
Rent	285,516	181,367
Equipment sales	299,705	263,104
Royalties	4,894	11,710
	$ 724,612	$ 732,183

16. ESTIMATED TAXES AND MATERIAL CHANGES:

During the year ended September 30, 2009, the tax authority in Ecuador initiated a tax audit of Reach Beyond's operations in Ecuador for the 2006 tax year. While Reach Beyond believes it has meritorious defenses against the potential negative findings, the ultimate resolution of the matter could result in fines, penalties, and interest. Management believes they have conservatively estimated that the total liability related to the tax audit could be up to $786,850 as of December 31, 2014 and 2013. However, if Reach Beyond loses this case, interest is due and payable from the date the tax audit commenced through the date of determination. The potential liability, with interest costs included, related to the tax audit could be as high as $1,282,000 as of December 31, 2014. The tax audit occurred during the year ended September 30, 2010; however, a final determination has not yet been made, but is anticipated to be rendered within the next year.

17. MEDIA MINISTRY - ECUADOR:

Reach Beyond is planning a significant transition of the ownership and operation of the media ministries in Ecuador to a local foundation. Over the past two years, significant work was done on the legal aspects of creating this new organization. In February 2014, the national foundation, Mission HCJB–La Voz de los Andes–Ecuador (Mission HCJB–EC) was formed. Mission HCJB–EC is not controlled by Reach Beyond, so will not be consolidated with Reach Beyond's consolidated financial statements. Management is working through the process of granting the media ministries to this organization, working to nationalize this ministry, but Reach Beyond has been waiting on clarity on frequency assignments. Due to the implementation of the new communication law, the two Quito frequencies (AM and FM) have not been renewed and will be placed into a public auction in the second half of 2015 and HCJB-EC will participate, requesting these two frequencies be granted to HCJB-EC. If granted the frequencies, this will allow the continuance of the ministry of media to the region in strong partnership with Reach Beyond without the need to switch frequencies. If not granted HCJB-EC will have to request other frequencies. The HCJB 2 (Guayaquil) frequency has been renewed to Reach Beyond and it now appears that Reach Beyond can continue to own this frequency and yet assign the operations of this frequency to HCJB-EC. Pending approval by the Board of Trustees, during 2015, Reach Beyond plans to work with HCJB-EC to facilitate the transfer of assets and complete the transfer of staff under the new organization. There has not yet been an unconditional promise to grant these assets by Reach Beyond, so a liability has not been recorded on the consolidated financial statements as of December 31, 2014.

18. LINE OF CREDIT:

During the year ended December 31, 2013, Reach Beyond obtained a line of credit with a maximum draw of $800,000. Interest is paid at the prime rate plus 2%, effectively 5.25% as of December 31, 2013. The line was renewed in August 2014 and now matures in October 2015. As of December 31, 2014, no draws had been made on the line.

19. LITIGATION CONTINGENCY:

Reach Beyond is subject to claims and lawsuits that arise primarily in the ordinary course of business in Ecuador. In consideration of insurance coverage of these claims, management believes the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, change in net assets, and cash flows of Reach Beyond. Events could occur that would change this estimate.

20. PRIOR PERIOD ADJUSTMENT:

During the year ended December 31, 2014, management identified an error in the recording of certain expenses by the Quito Hospital. This was an issue with recording expenses incorrectly identified in 2013. As a result, a prior period adjustment was recorded in the consolidated financial statements. The result was to decrease unrestricted net assets as of December 31, 2012, by $737,926. Additionally, expenses from discontinued operations for the year ended December 31, 2013, were increased by $157,730.

20. PRIOR PERIOD ADJUSTMENT, continued:

The impact on the consolidated financial statements is as follows:

	As Previously Stated	Prior Period Adjustment	As Restated
Unrestricted net assets as of December 31, 2012	$ 17,261,406	$ (737,926)	$ 16,523,480
Unrestricted net assets as of December 31, 2013	17,333,086	(895,656)	16,437,430
Expenses from discontinued operations for the year ended December 31, 2013	35,754,848	157,730	35,912,578
Change in unrestricted net assets for the year ended December 31, 2013	71,680	(157,730)	(86,050)
Liabilities associated with assets held for sale as of December 31, 2013	5,921,570	895,656	6,817,226

21. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

Board of Trustees
World Radio Missionary Fellowship, Inc.
d.b.a. Reach Beyond
Colorado Springs, Colorado

We have audited the consolidated financial statements of World Radio Missionary Fellowship, Inc. d.b.a. Reach Beyond, as of and for the years ended December 31, 2014 and 2013, and our report thereon dated May 29, 2015, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities by fund are presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual funds, and they 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Colorado Springs, Colorado
May 29, 2015

2435 Research Parkway, Suite 200
Colorado Springs, CO 80920
719.528.6225
capincrouse.com

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Statements of Financial Position by Fund

	December 31,							
	2014				2013			
	Operating	Gift Annuity	Trusts	Total	Operating	Gift Annuity	Trusts	Total
ASSETS:								
Cash and cash equivalents	$ 2,073,398	$ -	$ -	$ 2,073,398	$ 3,095,833	$ -	$ -	$ 3,095,833
Investments	11,299,930	-	-	11,299,930	12,045,810	-	-	12,045,810
Accounts receivable–net	296,008	-	-	296,008	825,886	-	-	825,886
Inventory	326,832	-	-	326,832	635,506	-	-	635,506
Prepayments and other assets	332,040	-	-	332,040	331,075	-	-	331,075
Interest receivable	522,000	-	-	522,000	-	-	-	-
Assets held for sale	12,085,181	-	-	12,085,181	10,664,165	-	-	10,664,165
Notes receivable	8,000,000	-	-	8,000,000	8,412,250	-	-	8,412,250
Property and equipment–net:								
United States	842,622	-	-	842,622	859,566	-	-	859,566
Other countries	1,102,620	-	-	1,102,620	801,982	-	-	801,982
Assets under gift annuity and trust agreements	-	5,199,825	258,508	5,458,333	-	5,313,920	297,362	5,611,282
Total Assets	$ 36,880,631	$ 5,199,825	$ 258,508	$ 42,338,964	$ 37,672,073	$ 5,313,920	$ 297,362	$ 43,283,355
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable and accrued expenses	$ 593,826	$ -	$ -	$ 593,826	$ 1,330,291	$ -	$ -	$ 1,330,291
Contingent liability	786,850	-	-	786,850	786,850	-	-	786,850
Liabilities associated with assets held for sale	7,225,239	-	-	7,225,239	6,817,226	-	-	6,817,226
Grants payable	1,266,729	-	-	1,266,729	-	-	-	-
Deferred compensation benefits	321,073	-	-	321,073	469,164	-	-	469,164
Deferred gain on sale of assets	6,660,757	-	-	6,660,757	7,275,785	-	-	7,275,785
Liabilities under gift annuity and trust agreements	-	3,763,634	191,603	3,955,237	-	3,954,637	264,893	4,219,530
	16,854,474	3,763,634	191,603	20,809,711	16,679,316	3,954,637	264,893	20,898,846
Net assets:								
Unrestricted:								
Designated–annuity reserves	-	1,436,191	-	1,436,191	-	1,359,283	-	1,359,283
Equity in assets held for sale	4,859,942	-	-	4,859,942	3,846,939	-	-	3,846,939
Equity in property and equipment	1,945,242	-	-	1,945,242	1,661,548	-	-	1,661,548
Operating	7,888,373	-	-	7,888,373	9,569,660	-	-	9,569,660
	14,693,557	1,436,191	-	16,129,748	15,078,147	1,359,283	-	16,437,430
Temporarily restricted:								
Projects	2,406,998	-	-	2,406,998	2,521,460	-	-	2,521,460
Missionary support	2,925,602	-	-	2,925,602	3,393,150	-	-	3,393,150
Irrevocable charitable trusts	-	-	66,905	66,905	-	-	32,469	32,469
	5,332,600	-	66,905	5,399,505	5,914,610	-	32,469	5,947,079
	20,026,157	1,436,191	66,905	21,529,253	20,992,757	1,359,283	32,469	22,384,509
Total Liabilities and Net Assets	$ 36,880,631	$ 5,199,825	$ 258,508	$ 42,338,964	$ 37,672,073	$ 5,313,920	$ 297,362	$ 43,283,355

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Statements of Activities by Fund

	Year Ended December 31,							
	2014				2013			
	Operating	Gift Annuity	Trusts	Total	Operating	Gift Annuity	Trusts	Total
PUBLIC SUPPORT AND REVENUE:								
Public support:								
Contributions	$ 14,022,556	$ 49,832	$ -	$ 14,072,388	$ 13,533,956	$ 29,808	$ -	$ 13,563,764
Donated goods and services	955,367	-	-	955,367	1,365,632	-	-	1,365,632
	14,977,923	49,832	-	15,027,755	14,899,588	29,808	-	14,929,396
Revenue:								
Hospital and medical service income	1,062,825	-	-	1,062,825	1,241,744	-	-	1,241,744
Investment income	362,454	-	-	362,454	371,148	-	-	371,148
Radio broadcast fees	213,938	-	-	213,938	237,516	-	-	237,516
Change in value of annuities and trusts	-	27,076	34,436	61,512	-	833,280	(113,948)	719,332
Interest income from note receivable	522,000	-	-	522,000	-	-	-	-
Gain on sale of assets	549,803	-	-	549,803	38,150	-	-	38,150
Other income	724,612	-	-	724,612	732,183	-	-	732,183
	3,435,632	27,076	34,436	3,497,144	2,620,741	833,280	(113,948)	3,340,073
Total Public Support and Revenue	18,413,555	76,908	34,436	18,524,899	17,520,329	863,088	(113,948)	18,269,469
EXPENSES:								
Program services:								
Media	8,394,420	-	-	8,394,420	7,499,485	-	-	7,499,485
Healthcare	3,064,519	-	-	3,064,519	2,510,647	-	-	2,510,647
Leadership development	1,656,864	-	-	1,656,864	1,801,746	-	-	1,801,746
Missions awareness	1,998,063	-	-	1,998,063	1,819,725	-	-	1,819,725
	15,113,866	-	-	15,113,866	13,631,603	-	-	13,631,603
Supporting activities:								
General and administrative	3,691,822	-	-	3,691,822	3,568,228	-	-	3,568,228
Fund-raising	745,981	-	-	745,981	786,231	-	-	786,231
	4,437,803	-	-	4,437,803	4,354,459	-	-	4,354,459
Total Expenses	19,551,669	-	-	19,551,669	17,986,062	-	-	17,986,062

(continued)

WORLD RADIO MISSIONARY FELLOWSHIP, INC.
d.b.a. REACH BEYOND

Statements of Activities by Fund

(continued)

	Year Ended December 31,							
	2014				2013			
	Operating	Gift Annuity	Trusts	Total	Operating	Gift Annuity	Trusts	Total
Change in Net Assets From Continuing Operations	(1,138,114)	76,908	34,436	(1,026,770)	(465,733)	863,088	(113,948)	283,407
Net Gain (Loss) on Discontinued Operations	171,514	-	-	171,514	(918,371)	-	-	(918,371)
Change in Net Assets	(966,600)	76,908	34,436	(855,256)	(1,384,104)	863,088	(113,948)	(634,964)
Net Assets, Beginning of Year, as Previously Stated	20,992,757	1,359,283	32,469	22,384,509	23,114,787	496,195	146,417	23,757,399
Prior Period Adjustment	-	-	-	-	(737,926)	-	-	(737,926)
Net Assets, Beginning of Year, as Restated	20,992,757	1,359,283	32,469	22,384,509	22,376,861	496,195	146,417	23,019,473
Net Assets, End of Year	$ 20,026,157	$ 1,436,191	$ 66,905	$ 21,529,253	$ 20,992,757	$ 1,359,283	$ 32,469	$ 22,384,509