World Radio Missionary Fellowship, Inc. and Affiliate, dba Reach Beyond

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of World Radio Missionary Fellowship, Inc. and Affiliate d.b.a. Reach Beyond (Reach Beyond), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, 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.

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Board of Trustees
World Radio Missionary Fellowship, Inc.
and Affiliate 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. and Affiliate d.b.a. Reach Beyond as of December 31, 2015 and 2014, 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.

Capin Crouse LLP

Colorado Springs, Colorado
June 29, 2016

Consolidated Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	$ 2,112,431	$ 2,073,398
Accounts receivable	322,455	296,008
Inventory	26,358	326,832
Prepayments and other assets	229,747	332,040
Interest receivable	463,756	522,000
Investments	6,999,823	11,299,930
Property receivable in exchange	535,905	–
Notes receivable	7,274,605	8,000,000
Hospital assets held for sale	10,328,849	12,085,181
Property and equipment	1,514,961	1,945,242
Assets under gift annuity and trust agreements	4,687,370	5,458,333
Total assets	$ 34,496,260	$ 42,338,964
Liabilities and net assets:		
Liabilities:		
Accounts payable and accrued expenses	$ 194,283	$ 593,826
Contributions payable	2,069,046	1,266,729
Deposit	–	3,040,757
Contingent liability	–	786,850
Retirement benefits	306,654	321,073
Deferred gain on sale of property	3,291,759	3,620,000
Hospital liabilities associated with assets held for sale	6,238,154	7,225,239
Liabilities under gift annuity and trust agreements	3,241,344	3,955,237
Total liabilities	15,341,240	20,809,711
Net assets:		
Unrestricted:		
Designated - annuity reserves	1,440,695	1,436,191
Equity in assets held for sale	4,090,695	4,859,942
Equity in property and equipment	1,514,961	1,945,242
Operating	6,890,755	8,284,294
Total unrestricted net assets	13,937,106	16,525,669
Temporarily restricted:		
Missionary support	3,137,041	2,925,602
Projects	2,075,542	2,011,077
Irrevocable charitable remainder trusts	5,331	66,905
Total temporarily restricted net assets	5,217,914	5,003,584
Total net assets	19,155,020	21,529,253
Total liabilities and net assets	$ 34,496,260	$ 42,338,964

Consolidated Statements of Activities
For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Public support:						
Contributions	$ 1,508,958	$ 10,895,530	$ 12,404,488	$ 3,065,232	$ 11,007,156	$ 14,072,388
Donated goods and services	800,955	–	800,955	955,367	–	955,367
Total public support	2,309,913	10,895,530	13,205,443	4,020,599	11,007,156	15,027,755
Revenue:						
Medical service income	961,202	–	961,202	1,062,825	–	1,062,825
Investment income	16,773	–	16,773	362,454	–	362,454
Radio broadcast fees	160,025	–	160,025	213,938	–	213,938
Change in value of annuities and trusts	(6,440)	175,914	169,474	27,076	34,436	61,512
Interest income from note receivable	661,756	–	661,756	522,000	–	522,000
Gain on disposition of assets	958,837	–	958,837	549,803	–	549,803
Other income	618,891	–	618,891	724,612	–	724,612
Total revenue	3,371,044	175,914	3,546,958	3,462,708	34,436	3,497,144
Total public support and revenue	5,680,957	11,071,444	16,752,401	7,483,307	11,041,592	18,524,899
Net assets released:						
Purpose restrictions	9,792,057	(9,792,057)	–	10,982,259	(10,982,259)	–
Administrative assessments	1,065,057	(1,065,057)	–	1,002,828	(1,002,828)	–
Total net assets released	10,857,114	(10,857,114)	–	11,985,087	(11,985,087)	–
Expenses:						
Program services:						
Media	8,154,655	–	8,154,655	8,394,420	–	8,394,420
Healthcare	2,829,293	–	2,829,293	3,064,519	–	3,064,519
Leadership development	1,734,168	–	1,734,168	1,656,864	–	1,656,864
Missions awareness	1,756,919	–	1,756,919	1,998,063	–	1,998,063
Total program services	14,475,035	–	14,475,035	15,113,866	–	15,113,866

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Expenses, continued:						
Supporting activities;						
General and administrative	3,151,071	–	3,151,071	3,691,822	–	3,691,822
Fundraising	731,281	–	731,281	745,981	–	745,981
Total supporting activities	3,882,352	–	3,882,352	4,437,803	–	4,437,803
Total expenses	18,357,387	–	18,357,387	19,551,669	–	19,551,669
Change in net assets from continuing operations	(1,819,316)	214,330	(1,604,986)	(83,275)	(943,495)	(1,026,770)
Net gain (loss) on discontinued operations	(769,247)	–	(769,247)	171,514	–	171,514
Change in net assets	(2,588,563)	214,330	(2,374,233)	88,239	(943,495)	(855,256)
Net assets, beginning of year	16,525,669	5,003,584	21,529,253	16,437,430	5,947,079	22,384,509
Net assets, end of year	$ 13,937,106	$ 5,217,914	$ 19,155,020	$ 16,525,669	$ 5,003,584	$ 21,529,253

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (2,374,233)	$ (855,256)
Adjustments to reconcile change in net assets to net cash provided (used by) operating activities:		
Noncash expenses (revenues):		
Depreciation	191,454	246,160
Provision for losses on accounts receivable	30,106	–
Provision for contingent liabilities	(786,850)	–
Net realized and unrealized losses (gains) on investments	338,891	(88,087)
Investment fees paid from investment accounts	23,124	14,576
Reinvested dividends	(52,587)	(299,541)
Gain on sale of property	(940,837)	(964,831)
Actuarial gain on annuity and trust obligations	(169,878)	(178,938)
Loss (gain) on assets under gift annuity and trust agreements	118,508	(246,351)
Matured or released assets under gift annuity and trust agreements	(316,231)	(118,212)
Fair market value of noncash assets donated to other organizations	1,349,190	734,026
Changes in operating assets and liabilities:		
Accounts receivable	(56,553)	529,878
Inventory	10,978	308,674
Prepayments and other assets	102,293	(965)
Interest receivable	58,244	(522,000)
Hospital assets held for sale	1,756,332	(1,627,346)
Net obligations under gift annuity and trust agreements	424,671	432,157
Accounts payable and accrued expenses	(399,543)	(736,465)
Contributions payable	306,666	532,703
Retirement benefits	(14,419)	(148,091)
Hospital liabilities associated with assets held for sale	(987,085)	408,013
Net cash used by operating activities	(1,387,759)	(2,579,896)
Cash flows from investing activities:		
Deposits received on assets held for sale	–	400,000
Deposits released on assets held for sale	(3,040,757)	(600,000)
Proceeds from sales of property and equipment	–	610,540
Purchase of property and equipment	(248,525)	(384,261)
Principal collected on notes receivable	725,395	412,250
Proceeds from sales of investments	5,802,810	15,258,280
Purchases of investments	(1,812,131)	(14,139,348)
Net cash provided by investing activities	1,426,792	1,557,461
Change in cash and cash equivalents	39,033	(1,022,435)
Cash and cash equivalents, beginning of year	2,073,398	3,095,833
Cash and cash equivalents, end of year	$ 2,112,431	$ 2,073,398

	2015	2014
Supplemental disclosure of noncash investing activities:		
Increase in property and equipment	$ –	$ 206,330
Decrease in hospital assets held for sale	–	(206,330)
Decrease in property and equipment:		
Fair market value of property donated to HCJB Global Technology Center	(444,530)	–
Fair market value of property transferred in exchange to English Fellowship Church	(535,905)	–
Decrease in contributions payable	444,530	–
Increase in property receivable in exchange:		
Fair market value of property to be received in exchange from English Fellowship Church	535,905	–
Supplemental disclosure of other noncash transactions:		
Inventory donated to HCJB Global Technology Center	(289,496)	–
Decrease in inventory	289,496	–

Notes to consolidated financial statements

1 Nature of organization

Reach Beyond (known as HCJB Global until January 2014), 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.

The consolidated financial statements include the assets, liabilities, net assets, public support and revenue, and expenses of World Radio Missionary Fellowship, Inc. (WRMF), a United States nonprofit organization, and The World Radio Missionary Fellowship, Inc. (TWRMF), an Ecuadorian nonprofit organization. WRMF operates the ministry service center in Colorado Springs, Colorado and regional offices serving Europe, North Africa and the Middle East, Sub-Saharan Africa, and Asia-Pacific; TWRMF primarily serves the Latin American region from its offices in Quito and Shell, Ecuador. TWRMF, although a separate legal entity, is controlled by WRMF and the two organizations comprise the worldwide ministry known as Reach Beyond. Reach Beyond is governed by the WRMF board of trustees which meets regularly to set policies and direct the work of the mission. Reach Beyond's mission is "Empowering dynamic media and healthcare ministries that declare and demonstrate Jesus Christ."

Reach Beyond is affiliated with separately incorporated entities in Canada, the United Kingdom, New Zealand, Australia, and Switzerland. The financial position and results of operations of these affiliates are not included in the consolidated financial statements as these entities are not controlled by Reach Beyond.

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 Missio Nexus.

Since 1931 Reach Beyond's passion has been to make disciples of Jesus Christ. Through the practical tools of media (Reach Beyond Voice) and healthcare (Reach Beyond Hands), the mission is touching lives and empowering the voice and hands of believers around the world. Local believers are being equipped to change their communities and the world as missionaries, pastors, broadcasters and healthcare providers. Together with 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 everywhere may come to Christ, become His disciples, and serve Him as vital parts of the body of Christ. Reach Beyond places priority on multiplying God's resources by creating sustainable and reproducible ministries. 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 operates on a set of core statements known as the Reach Beyond Manifesto. The Manifesto serves as a "compass point" by which ministry projects are developed and conducted.

1 Nature of organization, continued

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)

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 audience and culture, whether via FM, AM, shortwave, direct-to-home satellite, television, or the internet. Reach Beyond missionaries work with local partners to plant radio ministries around the world. Internet chat rooms are opening doors to people who do not listen to Christian radio, while shortwave and satellite broadcasts reach remote areas or into countries that are closed to missionaries.

Healthcare — Reach Beyond Hands provides a variety of health services, focusing on integrated patient care, medical education, and unmet community needs. Reach Beyond's first hospital, Hospital Vozandes-Quito, opened its doors in Ecuador in 1955. Reach Beyond Hands also has 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. Today, Reach Beyond Hands is taking what has been learned at the hospitals, neighborhood clinics, mobile medical clinics, and water projects and is helping partner organizations start medical ministries around the world. Also, Reach Beyond Hands partners with other relief organizations by sending emergency medical response teams to crisis areas.

Missions Awareness — Reach Beyond helps mobilize individuals to be involved in worldwide missions through welcoming, praying, giving, and going.

1 Nature of organization, continued

Leadership Development — Reach Beyond trains media personnel, healthcare professionals, and national church leaders to improve people's lives. Reach Beyond operates training programs in each of 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. 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 program to mobilize and equip Latin American believers to go where God has called them as part of the Great Commission.

2 Summary of significant accounting policies

2.1 Accrual basis

Reach Beyond maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

2.2 Principles of consolidation

In connection with its worldwide ministry, Reach Beyond maintains a hospital, broadcasting stations, and supporting facilities in Ecuador and other foreign countries. The consolidated financial statements include the assets, liabilities, net assets, public support and revenues, and expenses of Reach Beyond's operations worldwide; all inter-office transactions have been eliminated. Balances relating to foreign operations are reflected in the consolidated financial statements in United States dollars.

2.3 Cash and cash equivalents

Cash and cash equivalents include all checking, savings, money market accounts, and certificates of deposit with an original maturity three months or less. At times these accounts may exceed insured limits, however, management reviews balances monthly and does not believe Reach Beyond is exposed to significant risk of loss.

2.4 Receivables

Accounts receivable — Reach Beyond grants credit to patients, customers, and other entities in the normal course of providing services. Payment is due at the time the product or service is rendered. Receivables are past due when they exceed their contractual due date. Reach Beyond does not accrue interest on past due receivables. Accounts are written off only after all collection efforts have been exhausted. A reserve for uncollectible accounts is established at a level that, in management's judgment, is adequate to absorb possible losses. The reserve is based upon management's evaluation of receivables and includes, but is not limited to, historical collection experience, general economic conditions, and the financial condition and specific circumstances of individual creditors. Changes in estimates are recorded in the reserve for uncollectible accounts with a corresponding charge or credit to expense.

2 Summary of significant accounting policies, continued

2.4 Receivables, continued

Notes receivable — Reach Beyond may finance the sale of surplus real property. Notes receivable are carried at amortized cost and the carrying value is evaluated annually based on the adequacy of collateral, collection experience, current economic conditions, and other internal metrics. Payments received are allocated to principal and interest based on contractual terms and interest income is recognized based on the effective interest method. Once all collection efforts have been exhausted, Reach Beyond ceases to accrue interest and writes off the remaining balance.

2.5 Inventory

Inventory is stated at the lower of cost or market using the weighted-average method.

2.6 Investments

Investments, with the exception of cash and cash equivalents and certificates of deposit, are recorded at fair value. Cash and cash equivalents and 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 is practical. 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 these risks, it is possible that the value of Reach Beyond's investments could fluctuate materially.

2.7 Property and equipment

Expenditures for property and equipment in excess of $5,000 are capitalized at cost, including any costs directly attributable to bringing the assets to the location and condition necessary for use. Donated assets are capitalized at their fair value on the date of donation. Plant and equipment is subsequently valued using cost less depreciation and impairment losses. Depreciation is recorded 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 value of property and equipment is impaired prior to the end of its estimated useful life, its carrying value is reduced with a charge to expense. The last analysis was completed at December 31, 2015, and resulted in no impairment.

Gains or losses from the sale of property and equipment are determined by the difference between the disposal proceeds and the carrying amount of the assets. Gains and losses from the exchange or donation of assets are determined by the difference between the fair value of the assets and their carrying amounts. Gains or losses are reported in the revenue section of the consolidated statement of activities.

2.8 Assets held for sale and associated liabilities

A component of an entity consists of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. Reach Beyond management considers the Shell and Quito hospitals to be components. The operations of the Shell hospital ceased on December 31, 2013 and the assets were disposed of or converted to other activities and included in current operations. The Quito hospital is expected to be sold and its assets and liabilities are classified as held for sale and are presented separately on the statement of financial position. No depreciation is being recorded on hospital assets and its results of operations are being reported separately in discontinued operations in the statement of activities.

2 Summary of significant accounting policies, continued

2.9 Contributions receivable and payable

When another organization has made an unconditional promise to give assets to Reach Beyond, revenue is recognized in the year the promise is made and a receivable is recorded in the assets section of the statement of financial position.

Unconditional promises to give to other organizations are recognized as an expense in the year the promise is made and as a contribution payable in the liability section of the statement of financial position.

2.10 Sales of real property

Sales of real property are generally reported on the full accrual basis, even if part of the consideration for the sale is not received until a future date. Gain is recognized in full when real estate is sold, provided that collecting the sales price is reasonably assured and that Reach Beyond is not obliged to perform significant activities after the sale. However, there are three other methods of reporting real property transactions that delay the recognition of gain:

The deposit method of accounting is used until a sale has been consummated. A sale is not considered consummated until all parties are bound by the terms of a contract, all consideration has been exchanged, pertinent financing has been arranged, and all conditions precedent to closing have been performed. Under the deposit method of accounting no revenue is recognized and amounts received are recorded as a liability.

The installment method of accounting is used if the sale does not meet the criteria for the full accrual basis and the recovery of the cost of the property is reasonably assured if the buyer defaults. Under the installment method the gain on the sale is deferred until the receipt of cash. As cash is collected, a portion of the deferred gain is recognized proportional to the amount of cash received.

The cost recovery method is used if the recovery of the cost of the property is not reasonably assured if the buyer defaults or if the cost has already been recovered and collection of additional amounts is uncertain. Under the cost recovery method, cash collections first reduce the carrying value of the property. After the cost is fully recovered, cash collected is recognized as income.

2.11 Annuities payable

Reach Beyond has established a charitable gift annuity plan whereby donors may contribute assets to Reach Beyond in exchange for the right to receive a fixed monthly payment during their lifetimes. The annuity liability is valued annually using actuarially computed present values based on the Annuity 2000 gender-based mortality table and a discount rate of 6%. Once received, the assets are unrestricted but the required payments to the donor are general obligations of Reach Beyond.

Certain states in which annuities are issued require that Reach Beyond follow investment guidelines and maintain minimum reserves. As of December 31, 2015, Reach Beyond was in compliance with each state's requirements.

2.12 Trust liabilities

Reach Beyond administers irrevocable charitable remainder trusts which provide lifetime distributions to the grantor or other designated beneficiaries. Upon receipt of trust assets, the actuarially determined present value of future payments is recorded as a liability and the remaining portion of trust assets attributable to Reach Beyond's future interest is recorded in the consolidated statement of activities as temporarily restricted contributions.

2 Summary of significant accounting policies, continued

2.13 Net assets

Unrestricted net assets are resources available for ministry purposes and include resources designated by the board for specific uses, resources invested in property and equipment, and required annuity reserves.

Temporarily restricted net assets are resources with donor stipulations with respect to purpose or time. Temporarily restricted net assets also include Reach Beyond's irrevocable interest in charitable remainder trusts and resources with lifetime beneficiary interests.

2.14 Other revenue recognition principles

Contributions are recorded as revenue when received or when unconditionally promised, whichever comes first. Donations are reported as temporarily restricted if they are received with stipulations that limit their use. 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.

Noncash donations are valued at their fair market value at the date of donation, or if more readily determinable, at the cost to acquire comparable assets.

Radio broadcast fees consist of production and airing revenues, and are recorded when the services have been provided.

Hospital and medical service income is recorded when earned which is when products or services have been provided to the patient. Revenue is reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. The Ecuadorian government is a significant third-party payer and has complicated rules and procedures. In addition, it has been slow both to review submitted services and to pay for services after approval. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount.

Uncompensated medical care is provided at a discounted rate to patients who meet certain criteria under its charity fund. Because Reach Beyond does not pursue collections from charity patients, 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 $5,408 and $93,191 for the years ended December 31, 2015 and 2014, respectively.

2.15 Expenses

The costs of providing programs and supporting activities are presented on a functional basis in the consolidated statement of activities; expenses such as depreciation and certain payroll costs have been allocated among the program services and supporting activities benefited.

2 Summary of significant accounting policies, continued

2.16 Employee benefit plans

Retirement benefits for Ecuadorian employees are expensed in full as determined by annual actuarial valuations.

Termination benefits for Ecuadorian employees are not reasonably estimable therefore no liability is recorded in the consolidated statement of financial position.

Retirement benefits for missionaries and ministry service center employees are based on a defined contribution plan and expenses are recorded on the accrual basis.

Medical benefits for missionaries and ministry service center employees were provided through a grantor trust funded by Reach Beyond. Payments to the trust, consisting of employer and employee contributions, were remitted monthly; employer payments were recognized as an expense when paid.

2.17 Seconded services

Reach Beyond has secondment agreements with various nonprofit organizations. A seconded employee is a missionary assigned to work for another organization. Seconded individuals are directed and perform services for another organization but their salaries and related benefits are paid by the first organization. Reach Beyond is both the recipient and grantor of seconded services. When Reach Beyond is the recipient, the services are valued using comparable missionary compensation or externally published rates for professional services.

2.18 Income taxes

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 taxation under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and comparable state laws. Reach Beyond is classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code. Contributions to Reach Beyond qualify for the charitable contribution deduction under Code Section 170(b)(1)(A).

2.19 Uncertain tax positions

The financial statement effects of a tax position, including interest and penalties, if any, 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.

2.20 Management estimates and assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the amount of public support, revenues, and expenses reported. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from estimates.

Significant estimates and assumptions in the financial statements include the allowance for doubtful accounts, the collectability of notes receivable, potential impairment of long-lived assets, useful lives for depreciation and amortization, future obligations under annuity and trust agreements, retirement benefits, and contingencies.

2 Summary of significant accounting policies, continued

2.21 Subsequent events

Management has evaluated subsequent events for recognition and disclosure through the report date, which represents the date the consolidated financial statements were available to be issued.

3 Accounts receivable

	At December 31	
Continuing operations:	2015	2014
Clinic and medical services	$ 4,985	$ 77,703
Missionary and employee advances	172,378	134,422
Other	175,198	89,523
	352,561	301,648
Allowance for doubtful accounts	(30,106)	(5,640)
Total	$ 322,455	$ 296,008

	At December 31	
Discontinued operations:	2015	2014
Hospital and medical services	$ 3,604,865	$ 4,786,451
Missionary and employee advances	23,884	41,930
Other	239,451	160,408
	3,868,200	4,988,789
Allowance for doubtful accounts	(1,844,031)	(1,164,222)
Total	$ 2,024,169	$ 3,824,567

Hospital and medical services receivables are for services performed in Ecuador. The Ecuadorian government accounted for $2,197,958 and $3,363,782 of receivables and $1,731,467 and $1,140,151 of the allowance for doubtful accounts at December 31, 2015 and 2014, respectively.

4 Inventory

	At December 31	
Continuing operations:	2015	2014
Clinic supplies and medicines	$ 8,638	$ 37,336
Radio broadcast materials	17,720	289,496
Total	$ 26,358	$ 326,832

	At December 31	
Discontinued operations:	2015	2014
Hospital supplies	$ 441,117	$ 386,372
Medicines	428,239	329,239
Total	$ 869,356	$ 715,611

Management believes that the realizable values of items in inventory exceed their book values.

5 Investments

	At December 31	
	2015	2014
Investments:		
Cash and cash equivalents	$ 578,850	$ 330,702
Certificates of deposit	431,379	4,877,041
Equity mutual funds and securities	4,191,994	5,194,669
Common stock	1,679,244	513,815
Corporate bonds	118,356	383,703
Total investments	$ 6,999,823	$ 11,299,930

	For the Year Ended December 31	
	2015	2014
Investment income:		
Interest and dividends	$ 378,788	$ 288,943
Advisory fees paid	(23,124)	(14,576)
Net realized and unrealized gains (losses)	(338,891)	88,087
Total investment income	$ 16,773	$ 362,454

6 Fair value of financial instruments

Financial instruments are cash, equity instruments of other entities, and contractual rights to receive or deliver cash or another financial *instrument*. Reach Beyond's financial instruments include cash, certificates of deposit, government securities such as treasury bills, corporate bonds, stocks, mutual funds, mortgage-backed securities, and contractual obligations under charitable gift annuities and charitable remainder trusts.

Reach Beyond values and discloses information related to certain financial instruments based on a "fair value hierarchy." The fair value hierarchy has three levels of assets and liabilities:

Level 1 assets and liabilities are valued according to quoted market prices.

Level 2 assets and liabilities do not have regular quoted market prices but their fair value can be determined based on other data or market prices of similar assets and liabilities.

Level 3 assets and liabilities are valued based on unobservable inputs such as a company's own estimates or pricing models.

6 Fair value of financial instruments, continued

Fair value of financial instruments, all measured on a recurring basis, at December 31, 2015:

Investments:	2015	Level 1	Level 2
Mutual funds:			
Blended funds	$ 1,491,450	$ 1,491,450	$ –
Fixed income funds	1,439,772	1,439,772	–
Growth funds	621,551	621,551	–
Value funds	639,221	639,221	–
	4,191,994	4,191,994	–
Common stocks:			
Commodities	465,502	465,502	–
Real estate	1,213,742	1,213,742	–
	1,679,244	1,679,244	–
Corporate bonds:			
A credit rating	118,356	–	118,356
Total investments at fair value	5,989,594	$ 5,871,238	$ 118,356
Investments not at fair value:			
Cash and cash equivalents	578,850		
Certificates of deposit	431,379		
Total investments	$ 6,699,823		

6 Fair value of financial instruments, continued

Fair value of financial instruments, all measured on a recurring basis, at December 31, 2015, continued:

Assets held under gift annuities and trust agreements:	2015	Level 1	Level 2
Mutual funds:			
Growth	$ 1,036,298	$ 1,036,298	$ –
Fixed income	831,059	831,059	–
Foreign	797,082	797,082	–
Value	150,081	150,081	–
Real estate	148,187	148,187	–
	2,962,707	2,962,707	–
Common stocks:			
Real estate	192,375	192,375	–
Utilities	80,356	80,356	–
Materials	38,387	38,387	–
Telecommunications	33,293	33,293	–
Technology	32,587	32,587	–
Industrials	10,805	10,805	–
	387,983	387,983	–
Corporate bonds:			
A credit rating	–	–	–
AA credit rating	562,601	–	562,601
	526,601	–	526,601
U.S. government T bills	–	–	–
Mortgage-backed securities	201,376	201,376	
Total assets at fair value	4,078,667	$ 3,552,066	$ 526,601
Assets not at fair value:			
Cash and cash equivalents	608,703		
Total assets held under gift annuities and trust agreements	$ 4,687,370		

6 Fair value of financial instruments, continued

Fair value of financial instruments, all measured on a recurring basis, at December 31, 2014:

Investments:	2014	Level 1	Level 2
Mutual funds:			
Balanced	$ 1,445,152	$ 1,445,152	$ –
Blended	239,538	239,538	–
Fixed income	2,836,898	2,836,898	–
Foreign	318,870	318,870	–
Growth	177,357	177,357	–
Value	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
Investments not at fair value:			
Cash and cash equivalents	330,702		
Certificates of deposit	4,877,041		
Total investments	$ 11,299,930		

6 Fair value of financial instruments, continued

Fair value of financial instruments, all measured on a recurring basis, at December 31, 2014, continued:

Assets held under gift annuities and trust agreements	2014	Level 1	Level 2
Common stocks:			
Consumer staples	$ 3,522	$ 3,522	$ –
Energy	48,269	48,269	–
Financial	20,711	20,711	–
Industrials	7,148	7,148	–
Materials	6,398	6,398	–
Real estate	194,445	194,445	–
Technology	1,561	1,561	–
Telecommunications	28,504	28,504	–
Utilities	93,780	93,780	–
	404,338	404,338	–
Corporate bonds:			
A credit rating	439,264	–	439,264
AA credit rating	–	–	–
	439,264	–	439,264
U.S. government T bills	51,961	51,961	–
Mortgage-backed securities	232,160	232,160	–
Total assets at fair value	4,873,214	$ 4,433,950	$ 439,264
Assets not at fair value:			
Cash and cash equivalents	585,119		
Total assets held under gift annuities and trust agreements	$ 5,458,333		

7 Property receivable in exchange

On August 21, 2015, Reach Beyond donated property in Quito, Ecuador (the Tenplex) to Iglesia Evangélica Ecuatoriana English Fellowship Church (EFC) in anticipation of a reciprocal donation of property (the Fourplex) by EFC to Reach Beyond. The exchange is for the commercial purpose of resolving a long-standing zoning problem. The exchange serves the dual purpose of (1) giving clear title and usable space to EFC for two buildings and (2) giving Reach Beyond clear title to a building which can be repurposed or sold as surplus property. For practical reasons and based on the close relationship and trust between Reach Beyond and EFC, there is no formal exchange agreement. At December 31, 2015, Reach Beyond had possession and unhindered access to the Fourplex, however the transfer of the property has been delayed until sometime in 2016. The 2015 consolidated financial statements reflect a contribution receivable of $535,905 representing the estimated fair value of the Fourplex and a gain on disposition of the Tenplex of $504,905 (its estimated fair value less its $31,000 book value at the time of the exchange).

8 Notes receivable and deferred gain on installment sales

In 2009, Reach Beyond sold property in Pifo, Ecuador for $8,000,000. Due to uncertainty as to the ultimate collection of the contract, the gain on sale of $3,620,000 is being recognized under the installment method. The first scheduled payment was received on April 10, 2015.

	At December 31	
Notes receivable:	2015	2014
Note receivable from an Ecuadorian land trust, annual payments of $1,445,395, including interest at 9%; matures April 2022; secured by a deed of trust	$ 7,274,605	$ 8,000,000

	At December 31	
Deferred gain:	2015	2014
Gross profit 45.25%	$ 3,291,759	$ 3,620,000

At December 31, 2015 and 2014, there were no notes on nonaccrual status or notes 90 days or more past due, however the payment due on April 10, 2016 was not received and an addendum was signed granting a six month extension. The October 10, 2016, payment requires interest through that date, requires future payments to be as originally scheduled, and is guaranteed by a principal investor of the land trust.

Future minimum collections related to the note receivable:

Year Ended December 31:	
2016	$ 790,681
2017	861,842
2018	939,408
2019	1,023,954
2020	1,116,110
Thereafter	2,542,610
	$ 7,274,605

9 Hospital assets held for sale and associated liabilities/discontinued operations

In 2012, the board of trustees decided to seek a suitable buyer for Hospital Vozandes-Quito (the Quito Hospital) in Ecuador. On May 9, 2013, the board approved a letter of intent to transfer the ownership of the Quito Hospital effective July 1, 2014. However, the buyer failed to fulfill the terms of the letter of intent and the board voted to terminate the agreement on April 6, 2014. Legal action related to the proposed sale was completed in May 2015 when Reach Beyond returned $2,950,000 of the prospective buyer's $3,040,757 deposit.

Management is actively pursuing a replacement buyer and anticipates the Quito Hospital will be sold within one year. Accordingly, the assets and associated liabilities of the Quito Hospital are presented as separate line items in the consolidated statements of financial position. In the consolidated statements of activities, results of operations are presented as a single line item under the caption discontinued operations. Because the hospital is held for sale, no depreciation has been recorded on hospital property and equipment.

9 Hospital assets held for sale and associated liabilities/discontinued operations, continued

Hospital Vozandes-Shell (the Shell Hospital) in Ecuador was closed in December 2013 and the residual closing costs were included in discontinued operations in the consolidated statements of activities for the year ended December 31, 2014. Since the Shell hospital land is part of a larger property that Reach Beyond needs for its ministry, management intends to rent the hospital to a like-minded ministry and the assets are included with other operating assets on the consolidated statements of financial position.

	At December 31	
The Quito Hospital:	2015	2014
Assets held for sale:		
Cash and cash equivalents	$ 1,005,608	$ 3,398,321
Investments	69,645	102,936
Accounts receivable	2,024,169	3,824,567
Inventory	869,356	715,611
Prepayments and other assets	894,163	444,675
Property and equipment	5,465,908	3,599,071
Total	$ 10,328,849	$ 12,085,181
Associated liabilities:		
Accounts payable and accrued expenses	$ 2,960,682	$ 4,196,079
Contingent liability	60,000	–
Termination and retirement benefits	3,217,472	3,029,160
Total	$ 6,238,154	$ 7,225,239

The Quito and Shell Hospital's results of operations reported in discontinued operations:

	For the Year Ended December 31	
	2015	2014
The Quito Hospital:		
Public support and revenue	$ 30,780,992	$ 32,547,322
Expenses	(31,550,239)	(31,970,875)
	(769,247)	576,447
The Shell Hospital:		
Public support and revenue	–	11,354
Expenses	–	(416,287)
	–	(404,933)
Net gain (loss) on discontinued operations	$ (769,247)	$ 171,514

10 Property and equipment

	At December 31	
Continuing operations:	2015	2014
Land	$ 403,047	$ 584,047
Buildings and improvements	3,871,721	4,622,559
Equipment, vehicles, and furniture	3,394,927	3,372,891
Construction in progress	–	123,729
Accumulated depreciation	(6,154,734)	(6,757,984)
Total	$ 1,514,961	$ 1,945,242

	At December 31	
Discontinued operations:	2015	2014
Land	$ 450,551	$ 450,551
Buildings and improvements	7,921,927	7,957,700
Equipment, vehicles, and furniture	10,776,595	9,362,006
Accumulated depreciation	(13,683,165)	(14,171,186)
Total	$ 5,465,908	$ 3,599,071

Depreciation expense, all related to continuing operations, was $191,454 and $246,160 for 2015 and 2014, respectively.

Reach Beyond has property in foreign countries where the political situation may change. Although management believes that the value of these assets is not currently impaired, circumstances could change which could affect their value.

11 Charitable gift annuities and charitable remainder trusts

	At December 31	
Assets:	2015	2014
Cash and cash equivalents	$ 608,703	$ 585,119
Equity mutual funds and securities	2,962,707	3,745,491
Fixed income mutual funds and securities	727,977	723,385
Common stocks	387,983	404,338
Total	$ 4,687,370	$ 5,458,333

	At December 31	
Liabilities:	2015	2014
Amounts payable under charitable gift annuities	$ 3,229,675	$ 3,763,634
Liability under charitable remainder trusts	11,669	191,603
Total	$ 3,241,344	$ 3,955,237

11 Charitable gift annuities and charitable remainder trusts, continued

	For the Year Ended December 31	
Change in value:	2015	2014
Interest and dividends	$ 115,006	$ 170,356
Net realized and unrealized gains (losses)	(118,508)	290,868
Custodial and management fees	(42,558)	(41,919)
Actuarial change in projected amounts payable	169,878	178,744
Matured agreements	553,718	118,212
Payments to annuitants	(508,062)	(654,779)
Total	$ 169,474	$ 61,512

12 Contributions payable

12.1 Latin America media ministry

Reach Beyond is transitioning the ownership and operation of its Latin American media ministries to an Ecuadorian foundation, Mission HCJB–La Voz de los Andes–Ecuador (Mission HCJB–EC). Mission HCJB–EC is not controlled by Reach Beyond, and therefore is not included in Reach Beyond's consolidated financial statements. During 2015, Reach Beyond's Ecuadorian media employees were terminated and the majority were rehired by Mission HCJB–EC. The 2015 consolidated financial statements reflect a contribution payable of $2,069,046, representing the net assets anticipated to be donated to Mission HCJB–EC during 2016.

Reach Beyond plans on working closely with Mission HCJB–EC as a ministry partner and they signed a memorandum of understanding on February 25, 2016. Future assistance will include the seconding of several Reach Beyond missionaries to Mission HCJB–EC and cooperation due to regulatory requirements under Ecuador's communication laws. In 2012 Reach Beyond was granted the rights to the FM frequency used by HCJB 2 (Guayaquil) and these rights will be assigned to Mission HCJB–EC until they are available for renewal in 2022. The two Quito frequencies (AM and FM) are awaiting public auction and Mission HCJB–EC plans to bid on these frequencies so the strong tradition of Reach Beyond's media ministry can continue without the need to switch frequencies.

12.2 HCJB Global Technology Center

Through December 31, 2014, Reach Beyond operated the HCJB Global Technology Center (Technology Center) in Elkhart, Indiana. To further Reach Beyond's goal of becoming a more agile, focused organization and to enable the Technology Center to pursue additional funding and communication opportunities that would better position it to respond to the technology needs of ministry partners, in October 2014, the Reach Beyond board of trustees approved the transfer of the operations of the Technology Center to a new nonprofit organization, SonSet Solutions, Inc. The 2014 consolidated financial statements therefore reflect a contribution payable of $1,266,729, representing the net assets donated to SonSet Solutions, Inc. on January 1, 2015.

13 Retirement and termination benefits

The Ecuadorian government requires Reach Beyond to pay a retirement benefit to its Ecuadorian employees who retire with at least 20 years of service. The estimated present value of this liability is determined annually by actuarial valuations.

Under a collective bargaining agreement with its Ecuadorian employees, Reach Beyond pays retirees an additional retirement benefit if they qualify for benefits with the Ecuadorian social security system and they have worked at least 10 years for Reach Beyond. The liability is estimated annually by management and adjusted accordingly.

	For the Year Ended December 31	
	2015	2014
Continuing operations:		
Number of qualifying employees	9	10
Retirement benefits under Ecuadorian law	$ 265,530	$ 255,535
Retirement benefits under collective bargaining agreement	41,124	65,538
	$ 306,654	$ 321,073
Discontinued operations:		
Number of qualifying employees	62	65
Retirement benefits under Ecuadorian law	$ 1,948,224	$ 1,858,206
Retirement benefits under collective bargaining agreement	1,269,248	1,170,954
	3,217,472	3,029,160
Total retirement benefits	$ 3,524,126	$ 3,350,233

Ecuadorian law requires a severance payment if an employee is fired after two years of service. Severance is calculated based on the employee's monthly pay times 25% times the number of years of service. No liability has been recorded because the potential cost cannot be reasonably estimated.

Reach Beyond's collective bargaining agreement with its Ecuadorian employees requires an additional severance payment equal to one year of salary if an employee is fired after two years of service. No liability has been recorded because the potential cost cannot be reasonably estimated.

14 Employee benefit plans for missionaries and ministry service center employees

14.1 Medical benefits

Through December 31, 2015, medical benefits were provided by a grantor trust (World Radio Missionary Fellowship Health Benefits Trust) under a self-insured plan funded by employer contributions. Total Reach Beyond remittances to the trust were $1,245,126 and $1,341,681 for the years ended December 31, 2015 and 2014, respectively. At December 31, 2015 and 2014, there were 86 and 91 permanent, full-time missionaries and missionary service center employees participating in the plan, which was terminated at December 31, 2015. The medical benefits trust had cash of $703,983 and $562,813 at December 31, 2015 and 2014, respectively. After all 2015 and prior claims are submitted and processed, the medical benefits trust will be liquidated and any residual assets will be returned to Reach Beyond.

Beginning January 1, 2016, medical benefits for missionaries residing outside of the United States are being provided by United Healthcare Global under a fully insured plan. A fully insured plan transfers all of the risk onto the carrier who charges a flat monthly premium based on how they gauge the risk of insuring the participants.

Beginning January 1, 2016, medical benefits for missionaries and employees residing in the United States are being provided by a level-funded plan with Cigna. A level-funded plan costs the employer the same amount each month; at the end of the plan year the third party administrator compares the fees paid by the employer with the total claims paid by the carrier and the employer is refunded the difference if the claims paid are less than the plan fees. Stop-loss insurance is activated if a covered employee or dependent exceeds a certain dollar amount in claims or if total claims for the plan exceed a certain dollar amount; at the end of each year, the experience of the plan is reviewed and the fee for the next plan year is negotiated.

14.2 Retirement plan

Reach Beyond offers a 401(k) plan for all missionaries and ministry service center employees. The monthly contribution is $120 for missionaries and full-time employees and $60 for part-time employees. Employer contributions for the years ended December 31, 2015 and 2014 were $224,751 and $233,163, respectively.

15 Contingent liabilities

The Ecuadorian internal revenue service audited Reach Beyond’s 2006 operations and in 2010 assessed taxes of $580,378 plus interest and penalties. The consolidated financial statements for 2014 included $786,850 as management’s estimate of the liability. However, Reach Beyond appealed the assessment and on April 19, 2016, a favorable sentence was issued stating that Reach Beyond has no tax liability. The Ecuadorian internal revenue service could appeal this ruling but management’s prayer is that they will forgo that option. Consequently, the contingent liability was reversed at December 31, 2015, by means of a credit to general and administrative expenses.

Reach Beyond is subject to claims and lawsuits that arise primarily from the provision of healthcare services in Ecuador. The consolidated financial statements include a provision of $60,000 in the line item “liabilities associated with assets held for sale” and management believes the resolution of any such claims are unlikely to exceed this amount.

16 Leases and other commitments

Reach Beyond has contractual obligations relating to its broadcast and administrative operations. Total obligations under license agreements and non-cancelable operating leases for the years ended December 31, 2015 and 2014, were $111,777 and $168,710, respectively. Future minimum payments required under license agreements and operating leases are:

For the Year Ending December 31	Satellite Space	Other Leases	Total
2016	51,975	22,400	$ 74,375
2017	68,908	22,400	91,308
2018	38,388	22,400	60,788
2019	9,000	18,233	27,233
2020	9,000	6,220	15,220
Thereafter	27,750	–	27,750
	$ 205,021	$ 91,653	$ 296,674

During 2015, the Quito Hospital entered into contracts for construction ($111,744) and to purchase certain medical equipment ($1,196,500). Completion of the construction and delivery of the equipment is expected in 2016. As of December 31, 2015, $11,621 and $788,490 remained unpaid, respectively, on these contracts.

17 Line of credit

Reach Beyond had an $800,000 line of credit which matured in October 2015 and was not renewed. The line of credit, with a U.S. bank, was unsecured and required interest payments at the bank’s prime rate plus 2% (5.25%). Reach beyond took no advances against the line of credit in either 2014 or 2015.

18 Donated goods and services received

	For the Year Ended December 31	
	2015	2014
Continuing operations:		
Donated goods	$ 7,807	$ 2,074
Donated services	793,148	953,293
	800,955	955,367
Discontinued operations:		
Donated goods	9,094	69,260
Donated services	–	–
	9,094	69,260
	$ 810,049	$ 1,024,627

Donated services primarily consist of services performed by seconded employees.

19 Other income

	For the Year Ended December 31	
Continuing operations:	2015	2014
Project income	$ 106,092	$ 134,497
Rent	290,972	285,516
Sale of goods and materials	221,827	299,705
Other	–	4,894
	$ 618,891	$ 724,612

20 Administrative assessments and joint costs

20.1 Administrative assessments

Reach Beyond's ministry service center (MSC) in Colorado charges assessments on donor contributions and non-donor income to cover the costs of its Support Ministry Fund (SMF) and Regional Ministry Fund (RMF). The assessments are 2.5%, 10%, 12%, or 24%, depending on the type of income. The funds provided by the assessments are budgeted and administered carefully to ensure good stewardship.

	For the Year Ended December 31	
	2015	2014
Administrative assessments:		
Project donations	$ 726,441	$ 762,672
Missionary donations	632,018	521,567
Total administrative assessments	1,358,459	1,284,239
Administrative assessments on unrestricted donations:		
Project donations	(293,402)	(281,411)
Administrative assessments on temporarily restricted donations	$ 1,065,057	$ 1,002,828

20.2 Joint costs

There are certain costs that are not readily identifiable with a particular activity. These joint costs, which primarily relate to missionaries on home ministry assignment, have been allocated as follows in the consolidated statement of activities:

	For the Year Ended December 31	
	2015	2014
Program services	$ 132,762	$ 180,982
General and administrative	66,382	90,491
Fundraising	132,762	180,982
	$ 331,906	$ 452,455

21 Foreign operations

Assets, liabilities, and public support and revenue from outside of the United States (amounts approximate):

	For the Year Ended December 31	
	2015	2014
Property and equipment	$ 6,537,000	$ 4,539,000
Other assets	15,085,000	22,075,000
Total liabilities	11,985,000	15,305,000
Public support and revenue	34,695,258	36,423,000

The majority of assets and liabilities located in other countries and the public support and revenue received from foreign sources are included in discontinued operations.

22 Reclassification of prior year amounts

Consolidated statement of financial position:	As previously reported	Reclassifications	As reclassified
Deposit	$ –	3,040,757	$ 3,040,757
Deferred gain on sale of property	6,660,757	(3,040,757)	3,620,000
Unrestricted net assets — operating	7,888,373	395,921	8,284,594
Temporarily restricted net assets — projects	2,406,998	(395,921)	2,011,077
Consolidated statement of activities:			
Public support — contributions, unrestricted	2,669,311	395,921	3,065,232
Public support — contributions, temporarily restricted	11,403,077	(395,921)	11,007,156
Net assets released — purpose restrictions, unrestricted	11,432,482	(450,223)	10,982,259
Net assets released — purpose restrictions, temporarily restricted	(11,432,482)	450,223	(10,982,259)
Net assets released — administrative assessments, unrestricted	552,605	450,223	1,002,828
Net assets released — administrative assessments, temporarily restricted	(552,605)	(450,223)	(1,002,828)
Consolidated statement of cash flows:			
Net realized and unrealized losses (gains) on investments	(73,511)	(14,576)	(88,087)
Investment fees paid from investment accounts	–	14,576	14,576

2014 reclassifications are to make information comparable to the 2015 financial statement presentation.

CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

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

We have audited the consolidated financial statements of World Radio Missionary Fellowship, Inc. and Affiliate d.b.a. Reach Beyond, as of and for the years ended December 31, 2015 and 2014, and our report thereon dated June 29, 2016, 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, and the statements of financial position and activities for Hospital Vozandes Quito, 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 programs, 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
June 29, 2016

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Statements of Financial Position by Fund
December 31, 2015 and 2014

	2015				2014			
	Operating	Gift Annuity	Trusts	Total	Operating	Gift Annuity	Trusts	Total
Assets:								
Cash and cash equivalents	$ 2,112,431	$ –	$ –	$ 2,112,431	$ 2,073,398	$ –	$ –	$ 2,073,398
Accounts receivable	322,455	–	–	322,455	296,008	–	–	296,008
Inventory	26,358	–	–	26,358	326,832	–	–	326,832
Prepayments and other assets	229,747	–	–	229,747	332,040	–	–	332,040
Interest receivable	463,756	–	–	463,756	522,000	–	–	522,000
Investments	6,999,823	–	–	6,999,823	11,299,930	–	–	11,299,930
Property receivable in exchange	535,905	–	–	535,905	–	–	–	–
Notes receivable	7,274,605	–	–	7,274,605	8,000,000	–	–	8,000,000
Hospital assets held for sale	10,328,849	–	–	10,328,849	12,085,181	–	–	12,085,181
Property and equipment	1,514,961	–	–	1,514,961	1,945,242	–	–	1,945,242
Assets under gift annuity and trust agreements	–	4,670,370	17,000	4,687,370	–	5,199,825	258,508	5,458,333
Total assets	$ 29,808,890	$ 4,670,370	$ 17,000	$ 34,496,260	$ 36,880,631	$ 5,199,825	$ 258,508	$ 42,338,964
Liabilities and net assets:								
Liabilities:								
Accounts payable and accrued expenses	$ 194,283	$ –	$ –	$ 194,283	$ 593,826	$ –	$ –	$ 593,826
Contributions payable	2,069,046	–	–	2,069,046	1,266,729	–	–	1,266,729
Deposit	–			–	3,040,757			3,040,757
Contingent liability	–	–	–	–	786,850	–	–	786,850
Retirement benefits	306,654	–	–	306,654	321,073	–	–	321,073
Deferred gain on sale of property	3,291,759	–	–	3,291,759	3,620,000	–	–	3,620,000
Hospital liabilities associated with assets held for sale	6,238,154	–	–	6,238,154	7,225,239	–	–	7,225,239
Liabilities under gift annuity and trust agreements	–	3,229,675	11,669	3,241,344	–	3,763,634	191,603	3,955,237
Total liabilities	12,099,896	3,229,675	11,669	15,341,240	16,854,474	3,763,634	191,603	20,809,711
Net assets:								
Unrestricted:								
Designated - annuity reserves	–	1,440,695	–	1,440,695	–	1,436,191	–	1,436,191
Equity in assets held for sale	4,090,695	–	–	4,090,695	4,859,942	–	–	4,859,942
Equity in property and equipment	1,514,961	–	–	1,514,961	1,945,242	–	–	1,945,242
Operating	6,890,755	–	–	6,890,755	8,284,294	–	–	8,284,294
Total unrestricted net assets	12,496,411	1,440,695	–	13,937,106	15,089,478	1,436,191	–	16,525,669
Temporarily restricted:								
Missionary support	3,137,041	–	–	3,137,041	2,925,602	–	–	2,925,602
Projects	2,075,542	–	–	2,075,542	2,011,077	–	–	2,011,077
Irrevocable charitable remainder trusts	–	–	5,331	5,331	–	–	66,905	66,905
Total temporarily restricted net assets	5,212,583	–	5,331	5,217,914	4,936,679	–	66,905	5,003,584
Total net assets	17,708,994	1,440,695	5,331	19,155,020	20,026,157	1,436,191	66,905	21,529,253
Total liabilities and net assets	$ 29,808,890	$ 4,670,370	$ 17,000	$ 34,496,260	$ 36,880,631	$ 5,199,825	$ 258,508	$ 42,338,964

	2015				2014			
	Operating	Gift Annuity	Trusts	Total	Operating	Gift Annuity	Trusts	Total
Public support and revenue:								
Public support:								
Contributions	$ 12,393,544	$ 10,944	$ –	$ 12,404,488	$ 14,022,556	$ 49,832	$ –	$ 14,072,388
Donated goods and services	800,955	–	–	800,955	955,367	–	–	955,367
Total public support	13,194,499	10,944	–	13,205,443	14,977,923	49,832	–	15,027,755
Revenue:								
Medical service income	961,202	–	–	961,202	1,062,825	–	–	1,062,825
Investment income	16,773	–	–	16,773	362,454	–	–	362,454
Radio broadcast fees	160,025	–	–	160,025	213,938	–	–	213,938
Change in value of annuities and trusts	–	(6,440)	175,914	169,474	–	27,076	34,436	61,512
Interest income from note receivable	661,756	–	–	661,756	522,000	–	–	522,000
Gain on disposition of assets	958,837	–	–	958,837	549,803	–	–	549,803
Other income	618,891	–	–	618,891	724,612	–	–	724,612
Total revenue	3,377,484	(6,440)	175,914	3,546,958	3,435,632	27,076	34,436	3,497,144
Total public support and revenue	16,571,983	4,504	175,914	16,752,401	18,413,555	76,908	34,436	18,524,899
Net assets released:								
Purpose restrictions	237,488	–	(237,488)	–	–	–	–	–
Expenses:								
Program services:								
Media	8,154,655	–	–	8,154,655	8,394,420	–	–	8,394,420
Healthcare	2,829,293	–	–	2,829,293	3,064,519	–	–	3,064,519
Leadership development	1,734,168	–	–	1,734,168	1,656,864	–	–	1,656,864
Missions awareness	1,756,919	–	–	1,756,919	1,998,063	–	–	1,998,063
Total program services	14,475,035	–	–	14,475,035	15,113,866	–	–	15,113,866
Supporting activities;								
General and administrative	3,151,071	–	–	3,151,071	3,691,822	–	–	3,691,822
Fundraising	731,281	–	–	731,281	745,981	–	–	745,981
Total supporting activities	3,882,352	–	–	3,882,352	4,437,803	–	–	4,437,803
Total expenses	18,357,387	–	–	18,357,387	19,551,669	–	–	19,551,669

Statements of Activities by Fund, continued
For the Years Ended December 31, 2015 and 2014

	2015				2014			
	Operating	Gift Annuity	Trusts	Total	Operating	Gift Annuity	Trusts	Total
Change in net assets from continuing operations	(1,547,916)	4,504	(61,574)	(1,604,986)	(1,138,114)	76,908	34,436	(1,026,770)
Net gain (loss) on discontinued operations	(769,247)	–	–	(769,247)	171,514	–	–	171,514
Change in net assets	(2,317,163)	4,504	(61,574)	(2,374,233)	(966,600)	76,908	34,436	(855,256)
Net assets, beginning of year	20,026,157	1,436,191	66,905	21,529,253	20,992,757	1,359,283	32,469	22,384,509
Net assets, end of year	$ 17,708,994	$ 1,440,695	$ 5,331	$ 19,155,020	$ 20,026,157	$ 1,436,191	$ 66,905	$ 21,529,253

Hospital Vozandes Quito
Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets:		
Cash and cash equivalents	$ 1,005,607	$ 3,398,321
Investments	69,645	102,936
Accounts receivable	2,024,169	3,824,567
Inventory	869,356	715,611
Prepayments and other assets	894,163	444,675
Property and equipment	5,465,908	3,599,071
Total assets	$ 10,328,848	$ 12,085,181
Liabilities and net assets:		
Liabilities:		
Accounts payable and accrued expenses	2,960,682	4,196,079
Contingent liability	60,000	–
Retirement benefits	3,217,472	3,029,160
Total liabilities	6,238,154	7,225,239
Net assets	4,090,695	4,859,942
Total liabilities and net assets	$ 10,328,849	$ 12,085,181

Hospital Vozandes Quito
Statements of Activities
For the Years Ended December 31, 2015 and 2014

	2015	2014
Public support and revenue:		
Public support:		
Contributions	$ 122,414	$ 34,191
Donated goods and services	9,094	69,260
Total public support	131,508	103,451
Revenue:		
Medical service income	30,215,226	32,228,379
Investment income	94,468	45,791
Gain on disposition of assets	150,264	4,464
Other income	189,526	165,237
Total revenue	30,649,484	32,443,871
Total public support and revenue	30,780,992	32,547,322
Expenses:		
Program services:		
Healthcare expenses	29,419,490	29,989,268
Leadership development	831,331	712,431
General and administrative	1,299,418	1,269,176
Total expenses	31,550,239	31,970,875
Change in net assets	(769,247)	576,447
Net assets, beginning of year	4,859,942	4,283,495
Net assets, end of year	$ 4,090,695	$ 4,859,942