FAMILY LIFE
COMMUNICATIONS
INCORPORATED

Consolidated Financial Statements and Other Financial Information

December 31, 2011 and 2010

Family Life Communications Incorporated

Consolidated Financial Statements
And Other Financial Information

Years ended December 31, 2011 and 2010

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Family Life Communications Incorporated

We have audited the accompanying consolidated statements of financial position of Family Life Communications Incorporated (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based upon our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Family Life Communications Incorporated at December 31, 2011 and 2010, and the consolidated changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

May Clark & Company PLLC

May Clark & Company, PLLC
March 31, 2012, except for Note 4
for which the date is May 4, 2012

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Family Life Communications Incorporated
Consolidated Statements of Financial Position

	December 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 5,653,862	$ 6,161,277
Total current assets	5,653,862	6,161,277
Property and equipment:		
Land and improvements	1,441,834	1,446,854
Buildings	3,240,704	3,213,791
Broadcasting equipment	8,602,217	8,365,010
Furniture, equipment and software	1,131,771	1,192,120
Leasehold improvements	50,017	50,017
	14,466,543	14,267,792
Less accumulated depreciation and amortization	(8,974,247)	(8,303,660)
	5,492,296	5,964,132
Radio station frequency licenses, less accumulated amortization and impairments of $1,782,265	3,794,810	3,644,810
Long-term investments (Note 2)	1,414,976	1,448,782
Bond issue costs, net of amortization	97,526	112,603
Other	35,440	78,174
	$ 16,488,910	$ 17,409,778
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 470,009	$ 490,767
Current portion of term debt (Note 4)	107,565	103,631
Total current liabilities	577,574	594,398
Term debt, less current portion (Note 4)	3,547,884	3,655,449
Annuities payable and other	578,933	640,927
Total liabilities	4,704,391	4,890,774
Net assets:		
Unrestricted	11,756,280	12,349,114
Temporarily restricted	28,239	169,890
	11,784,519	12,519,004
	$ 16,488,910	$ 17,409,778

See accompanying notes.

Family Life Communications Incorporated
Consolidated Statements of Activities

	Year ended December 31, 2011			Year ended December 31, 2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support						
General contributions	$ 8,861,772	$ -	$ 8,861,772	$ 8,916,944	$ -	$ 8,916,944
Resource sales and seminar income	271,107	-	271,107	407,768		407,768
Contributions for specified projects	-	170,420	170,420	-	365,104	365,104
Donations for broadcasting time	590,532	-	590,532	607,877		607,877
Income from bequests and annuities	130,503		130,503	191,030		191,030
Investment income	13,644	-	13,644	34,955		34,955
Rental and other income	93,296		93,296	122,757		122,757
Net assets released from restrictions:						
Satisfaction of specified project restrictions	312,071	(312,071)	-	362,238	(362,238)	-
Total revenues and other support	10,272,925	(141,651)	10,131,274	10,643,569	2,866	10,646,435
Expenses						
Program services	9,248,194	-	9,248,194	8,589,344	-	8,589,344
General and administrative	727,041	-	727,041	378,496	-	378,496
Fund raising	855,283	-	855,283	1,238,617	-	1,238,617
Total expenses	10,830,518	-	10,830,518	10,206,457		10,206,457
Gain (loss) on sale of assets	(41,055)	-	(41,055)	(249,000)		(249,000)
Gain (loss) on investments	5,814	-	5,814	121,611		121,611
Change in net assets	(592,834)	(141,651)	(734,485)	309,723	2,866	312,589
Net assets at beginning of year	12,349,114	169,890	12,519,004	12,039,391	167,024	12,206,415
Net assets at end of year	$ 11,756,280	$ 28,239	$ 11,784,519	$ 12,349,114	$ 169,890	$ 12,519,004

See accompanying notes.

Family Life Communications Incorporated
Consolidated Statement of Functional Expenses
Year ended December 31, 2011

	Program Services	General and Administrative	Fund Raising	Total	2010
Payroll, salaried and hourly	$ 3,446,733	$ 280,752	$ 146,357	$ 3,873,842	$ 3,737,673
Payroll related taxes and benefits	1,024,663	83,559	43,927	1,152,149	1,048,636
Administration, not elsewhere classified	66,992	5,615	3,539	76,146	84,979
Bank and processing fees	121,572	10,423	7,461	139,456	145,566
Computer software/support	83,695	6,764	3,319	93,778	126,553
Depreciation and amortization	784,338	63,541	31,764	879,643	868,101
Insurance	120,501	9,836	5,203	135,540	181,270
Interest	172,345	13,928	6,834	193,107	199,102
Internet and transmission charges	476,114	38,478	18,878	533,470	379,701
Outside and contract services	422,393	35,036	20,718	478,147	407,108
Postage	271,373	23,742	18,752	313,867	295,551
Printing	365,336	31,548	23,416	420,300	381,973
Professional fees	57,052	4,965	3,825	65,842	47,596
Programming	515,710	-	-	515,710	497,862
Promotions	-	-	415,011	415,011	210,003
Rent, building and repairs	515,256	41,797	21,115	578,168	640,081
Taxes, licenses, and fees	171,523	14,294	8,712	194,529	177,372
Telephone	115,060	9,451	5,232	129,743	129,899
Travel	159,755	13,593	9,342	182,690	169,812
Utilities	409,989	33,135	16,256	459,380	477,619
Allocation from supporting departments	(52,206)	6,584	45,622	-	-
	$ 9,248,194	$ 727,041	$ 855,283	$ 10,830,518	$ 10,206,457

See accompanying notes.

Family Life Communications Incorporated
Consolidated Statement of Functional Expenses
Year ended December 31, 2010

	Program Services	General and Administrative	Fund Raising	Total
Payroll, salaried and hourly	$ 3,225,721	$ 154,665	$ 357,287	$ 3,737,673
Payroll related taxes and benefits	905,373	43,444	99,819	1,048,636
Administration, not elsewhere classified	70,613	3,144	11,222	84,979
Bank and processing fees	122,163	5,548	17,855	145,566
Computer software/support	110,140	5,363	11,050	126,553
Depreciation and amortization	754,194	36,610	77,297	868,101
Insurance	157,316	7,621	16,333	181,270
Interest	173,280	8,438	17,384	199,102
Internet charges	330,457	16,092	33,152	379,701
Outside and contract services	348,770	16,493	41,845	407,108
Postage	245,032	10,852	39,667	295,551
Printing	312,232	13,415	56,326	381,973
Professional fees	39,813	1,796	5,987	47,596
Programming	497,862	-	-	497,862
Promotions	-	-	210,003	210,003
Rent, building and repairs	555,827	26,955	57,299	640,081
Taxes, licenses, and fees	153,214	7,359	16,799	177,372
Telephone	111,802	5,334	12,763	129,899
Travel	144,612	6,760	18,440	169,812
Utilities	415,676	20,241	41,702	477,619
Allocation from supporting departments	(84,753)	(11,634)	96,387	-
	$ 8,589,344	$ 378,496	$ 1,238,617	$ 10,206,457

See accompanying notes.

Family Life Communications Incorporated
Consolidated Statements of Cash Flows

	Years ended December 31, 2011	Years ended December 31, 2010
Operating Activities		
Change in net assets	**$ (734,485)**	**$ 312,589**
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**879,643**	**868,101**
Loss (Gain) on sale of other assets	**351**	**250,000**
Changes in operating assets and liabilities:		
Accounts payable and accrued expenses	**(20,755)**	**146,232**
Long-term investments	**33,806**	**(160,595)**
Net cash provided by operating activities	**158,560**	**1,416,327**
Investing Activities		
Other assets	**42,734**	**106,208**
Acquisition of property and equipment	**(543,084)**	**(424,835)**
Net cash provided by (used in) investing activities	**(500,350)**	**(318,627)**
Financing Activities		
Principal payments on notes and term debt	**(103,631)**	**(99,449)**
Annuity liabilities and other	**(61,994)**	**(100,067)**
Net cash provided by (used in) financing activities	**(165,625)**	**(199,516)**
Increase (decrease) in cash	**(507,415)**	**898,184**
Cash and cash equivalents at beginning of year	**6,161,277**	**5,263,093**
Cash and cash equivalents at end of year	**$ 5,653,862**	**$ 6,161,277**

See accompanying notes.

Family Life Communications Incorporated

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

Organization

Family Life Communications Incorporated (the Company) is a nonprofit company which is the sole member of nonprofit corporations consisting of (i) Family Life Broadcasting System (comprised of four separate nonprofit corporations collectively referred to as Family Life Broadcasting) and (ii) Parent Talk, Inc., which is the sole shareholder of a wholly-owned inactive for profit corporation. The Company provides, through its affiliates, Christian broadcasting by way of its owned radio stations in eleven states, conferences, resource material, and syndicated broadcast programs.

1. Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its affiliates, Family Life Broadcasting System and Parent Talk, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

Support

The Company records contributions as support when donations are unconditionally given by a donor. Support is recorded in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Contributions are recorded as unrestricted support if no donor stipulations are placed on the use of the donated asset. Contributions are recorded as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets, such as a designation to be used as support in specified years or towards specified projects. When a donor restriction expires or is met by the Company, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions. Contributions are recorded as permanently restricted support if the donor stipulates that the donated asset must be held in perpetuity. The Company had no permanently restricted net assets at December 31, 2011 and 2010.

The Company conducts annual drives, primarily in the spring, fall, and end of year, to raise funds in support of its ministries. The Company asks donors to indicate their intention to give on an on-going monthly basis and not as a promise. Intentions to give are not recorded as support until the amount is collected from the donor.

Long-Lived Assets

The Company is not aware of any events that have occurred that are indications of additional impairment of these assets in accordance with generally accepted accounting principles.

1. Accounting Policies (continued)

Property and Equipment

All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment is stated at cost, if purchased or constructed, or at estimated fair value if donated. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets as follows:

	Years
Land improvements	25
Buildings	25
Broadcasting equipment	5 – 25
Furniture and equipment	3 – 15
Leasehold improvements	15

Radio Frequency Licenses

Through our 2009 fiscal year, the purchase costs or donated fair value of radio frequency licenses were amortized on the straight-line basis over a period of 25 years. However, in accordance with newly adopted generally accepted accounting principles, commencing with our fiscal year 2010 further amortization is suspended and the remaining unamortized license costs will be evaluated annually by management to determine if the residual cost of any frequency license exceeds its current fair value, requiring establishment of an impairment reserve. During 2010 management determined that the residual cost of the Chattanooga license exceeded its current fair value by $250,000, resulting in an impairment reserve and loss which is reflected in the financial statements.

Income Taxes

The Company and its affiliates, Family Life Broadcasting System and Parent Talk, Inc., have received recognition as tax-exempt organizations as described under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state tax on income from related, exempt activities.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which in turn could impact the amounts reported and disclosed herein.

Family Life Communications Incorporated

Notes to Consolidated Financial Statements

December 31, 2011 and 2010

1. Accounting Policies (continued)

Annuities Payable

Annuities payable consist of Charitable Gift Annuities and a liability under an Unqualified Deferred Compensation Plan which is payable in the form of an annuity.

Charitable Gift Annuities are stated at the actuarially computed present value of future payments to payees, calculated using the current rate established by the American Council on Gift Annuities. Funds received are recorded as general assets of the Company. Funds received in excess of the present values payable on annuity contracts are recorded as contributions in the year received.

Cash and Cash Equivalents

The cash accounts of the Company are held in accounts which are insured by the FDIC. Accounts held at the other institutions are insured up to $500,000 by the Security Investor Protection Corporation with a limit of $100,000 for cash. As a result, at December 31, 2011 there were no cash balances in excess of the insured amounts.

For purposes of the Statement of Cash Flows the Company considers treasury bills and all other highly liquid investments not considered long term to be cash equivalents.

Fair Value Measurements

Starting with the 2010 fiscal year, the Company measures its financial assets and liabilities and non-financial assets at their fair value, including measurements of impairment for Property and Equipment, and Radio Station Frequency Licenses.

2. Long-Term Investments

The long-term investments held by the Company at December 31, carried at fair value based upon quoted prices in active markets for identical assets (level 1), are as follows:

	2011	2010
Mutual funds	$ 937,567	$ 961,130
Equity securities	368,544	437,149
Money market funds	108,864	49,503
Total non-cash financial assets at fair value	$1,413,976	$1,447,782

2. Long-Term Investments (Continued)

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended:

	2011	2010
Investment income	$ 13,644	$ 34,955
Net realized and unrealized gains (losses)	5,814	121,611
Total investment return (loss)	$ 19,458	$ 156,566

3. Annuities Payable

Included in the line "Annuities payable and other" on the Statements of Financial Position are annuities payable of $228,000 and $243,000 at December 31, 2011 and 2010, respectively.

During 2004, the Company purchased the assets of a station in Roswell, New Mexico. The consideration paid for the station's assets consisted solely of the assumption of a deferred compensation plan liability. Monthly payments required under the agreement are $2,585 over the joint remaining life expectancy of the payee and spouse. The fair value of this liability was estimated to be $385,000 using an average discount rate of 4.65% over a life expectancy of 18 years. The discount rate was estimated based on current rates for debt instruments with similar risks and maturities. The balance of this liability which is included in the line "Annuities payable and other" on the Statement of Financial Position was $257,000 and $276,000 at December 31, 2011 and 2010, respectively.

4. Notes Payable

Term Notes Payable:

	2011	2010
Note payable to the Industrial Development Authority of Pima County and assigned to Compass Mortgage Corporation, dated June 20, 2009 in the original amount of $4,000,000, payable $21,400 monthly, including 4.07% interest through June 20, 2018, when the unpaid principal balance of $2,879,098 is due, collateralized by the headquarters building.	$ 3,655,449	$3 ,759,080
Less current portion	(107,565)	(103,631)
	$3,547,884	$ 3,655,449

Term Notes Payable (Continued)

The bank notes payable are part of a master credit agreement with a single bank. The master credit agreement contains various covenants and restrictions, including meeting certain financial ratios and limits on new borrowings. Equipment and other Company assets are pledged as collateral for the term notes payable.

Due to the operating loss sustained in 2011 the Company was in technical violation of one of the covenants, which requires that the EBIDA Debt Coverage Ratio be at least 1.25. The computed ratio was 1.14. In a letter dated May 4, 2012 the Bank waived the covenant for 2011 but emphasized that the waiver did not constitute a waiver for future periods. Either an approximate $33,000 reduction of the operating loss or an approximate $642,000 reduction of the loan balance could restore compliance in future periods. If the Company continues to fall short of the covenant ratio the Bank could require that some of the liquidity of the Company be used to prematurely retire debt sufficient to meet the covenant ratio.

Principal maturities on the notes payable at December 31, 2011 for the next five years and the aggregate are as follows:

2012	$ 107,565
2013	112,513
2014	117,245
2015	122,175
2016	126,943
Thereafter	3,069,008
	$ 3,655,449

Cash paid for interest for the years ended December 31, 2011 and 2010 totaled approximately $193,000 and $199,000, respectively.

5. Leases and Commitments

The Company leases various facilities and equipment under operating leases that expire at various dates through December 2032. Some of the leases contain renewal options. Lease expense incurred was approximately $443,000 and $531,000 for the years ending December 31, 2011 and 2010, respectively.

At December 31, 2011, future commitments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows

2012	$ 318,000
2013	172,000
2014	109,000
2015	70,000
2016	61,000
Thereafter	212,000
	$ 939,000

6. Employee Retirement Plan

The Company sponsors a defined contribution plan. Contributions to the plan by the Company are at the discretion of the Board of Directors. All employees who meet minimum age and service requirements are eligible to participate in the Plan. The Company's contributions to the Plan were approximately $176,000 and $170,000 for the years ending December 31, 2011 and 2010, respectively. The Company separates its employees into two classes for purposes of making retirement plan contributions. One of the classes received a contribution rate of 4% of eligible compensation. The other class received a contribution rate of 12% of eligible compensation.

7. Restrictions on Net Assets

Temporarily restricted net assets are primarily available for capital expenditures.

8. Expense Allocations

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses (SOFE). Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management has performed in-depth analyses to determine the allocation of total functional expense. The line items contained in the SOFE have been allocated based on the percent of total functional expense and do not necessarily reflect the functional allocation of each line item on a stand alone basis. The allocations of these costs in future periods could change and the change could be material.

9. Subsequent Events

Management has reviewed the transactions through March 31, 2012 and determined that the following transaction was sufficiently material to warrant disclosure:

On January 4, 2012 the Company sold the Albuquerque building for $400,000 resulting in a profit of approximately $168,000. The Company also entered into a contract to lease the second floor of the building for $1,065 monthly, resulting in estimated savings in operating expenses of approximately $30,000 annually.

Other Financial Information

REPORT OF INDEPENDENT AUDITORS ON OTHER FINANCIAL INFORMATION

Board of Directors
Family Life Communications Incorporated

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Family Life Communications Incorporated, taken as a whole . The details of the consolidated statements of financial position as of December 31, 2011 and 2010, and the related details of consolidated statements of activities, functional expenses, and cash flows for the years the ended are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements.

As disclosed in Note 8 to the financial statements, the line items contained in the Statements of Functional Expenses (SOFE) have been allocated based on the percent of total functional expense and do not necessarily reflect the functional allocation of each line item on a stand alone basis.

In our opinion, except for the effects if any of allocating functional expenses on a line item basis, the other financial information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

May Clark & Company PLLC

May Clark & Company, PLLC
March 31, 2012

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Family Life Communications Incorporated
Details of Consolidated Statement of Financial Position
December 31, 2011

	Family Life Broadcasting	Parent Talk, Inc.	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 5,643,862	$ 10,000	$ -	$ 5,653,862
Total current assets	5,643,862	10,000		5,653,862
Property and equipment:				
Land and improvements	1,441,834			1,441,834
Buildings	3,240,704			3,240,704
Broadcasting equipment	8,544,489	57,728		8,602,217
Furniture, equipment and software	1,096,320	35,451		1,131,771
Leasehold improvements	50,017			50,017
	14,373,364	93,179		14,466,543
Less accumulated depreciation and amortization	(8,900,246)	(74,001)		(8,974,247)
	5,473,118	19,178		5,492,296
Radio station frequency licenses, net	3,794,810			3,794,810
Long-term investments	1,192,961	222,015		1,414,976
Other assets:				
Intercompany receivable	1,689,272		(1,689,272)	-
Bond issue costs, net of amortization	97,526			97,526
Other	35,440			35,440
	$ 17,926,989	$ 251,193	$ (1,689,272)	$ 16,488,910
Liabilities and net assets				
Current liabilities:				
Accounts payable and accrued expenses	$ 443,880	$ 26,129		$ 470,009
Current portion of term debt	107,565			107,565
Intercompany payable		1,689,272	(1,689,272)	-
Total current liabilities	551,445	1,715,401	(1,689,272)	577,574
Term debt, less current portion	3,547,884			3,547,884
Annuities payable and other	578,933			578,933
Total liabilities	4,678,262	1,715,401	(1,689,272)	4,704,391
Net assets:				
Unrestricted	13,230,488	(1,474,208)		11,756,280
Temporarily restricted	18,239	10,000		28,239
	13,248,727	(1,464,208)		11,784,519
	$ 17,926,989	$ 251,193	$ (1,689,272)	$ 16,488,910

See Independent Auditors' Report.

Family Life Communications Incorporated
Details of Consolidated Statement of Financial Position
December 31, 2010

	Family Life Broadcasting	Parent Talk, Inc.	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 6,055,362	$ 105,915	$ -	$ 6,161,277
Total current assets	6,055,362	105,915		6,161,277
Property and equipment:				
Land and improvements	1,446,854			1,446,854
Buildings	3,213,791			3,213,791
Broadcasting equipment	8,313,066	51,944		8,365,010
Furniture, equipment and software	1,155,265	36,855		1,192,120
Leasehold improvements	50,017			50,017
	14,178,993	88,799		14,267,792
Less accumulated depreciation and amortization	(8,235,238)	(68,422)		(8,303,660)
	5,943,755	20,377		5,964,132
Radio station frequency licenses, net	3,644,810			3,644,810
Long-term investments	1,247,160	201,622		1,448,782
Other assets:				
Intercompany receivable	1,839,797		(1,839,797)	-
Bond issue costs, net of amortization	112,603			112,603
Other	78,174			78,174
	$ 18,921,661	$ 327,914	$ (1,839,797)	$ 17,409,778
Liabilities and net assets				
Current liabilities:				
Accounts payable and accrued expenses	$ 483,633	$ 7,134		$ 490,767
Current portion of term debt	103,631			103,631
Intercompany payable		1,839,797	(1,839,797)	-
Total current liabilities	587,264	1,846,931	(1,839,797)	594,398
Term debt, less current portion	3,655,449			3,655,449
Annuities payable and other	640,927			640,927
Total liabilities	4,883,640	1,846,931	(1,839,797)	4,890,774
Net assets:				
Unrestricted	13,974,046	(1,624,932)		12,349,114
Temporarily restricted	63,975	105,915		169,890
	14,038,021	(1,519,017)		12,519,004
	$ 18,921,661	$ 327,914	$ (1,839,797)	$ 17,409,778

See Independent Auditors' Report.

Family Life Communications Incorporated
Details of Consolidated Statement of Activities
Year ended December 31, 2011

	Family Life Broadcasting		Parent Talk, Inc.		
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
Revenues, and Other Support					
General contributions	$ 7,739,084	$ -	$ 1,122,688	$ -	$ 8,861,772
Resource sales and seminar income	-		271,107		271,107
Contributions for specified projects		167,800		2,620	170,420
Donations for broadcasting time	590,532				590,532
Income from bequests and annuities	130,503				130,503
Investment income	11,288		2,356		13,644
Rental and other income	93,296				93,296
Net assets released from restrictions:					
Satisfaction of specified project restrictions	213,536	(213,536)	98,535	(98,535)	-
Total revenues, gains and other support	8,778,239	(45,736)	1,494,686	(95,915)	10,131,274
Expenses					
Program services	8,161,082		1,087,112		9,248,194
General and administrative	646,566		80,475		727,041
Fund raising	658,866		196,417		855,283
Total expenses	9,466,514		1,364,004		10,830,518
Gain (loss) on sale of other assets	(40,704)		(351)		(41,055)
Gain (loss) on investments	(14,579)		20,393		5,814
Change in net assets	(743,558)	(45,736)	150,724	(95,915)	(734,485)
Net assets at beginning of year	13,974,046	63,975	(1,624,932)	105,915	12,519,004
Net assets at end of year	$ 13,230,488	$ 18,239	$ (1,474,208)	$ 10,000	$ 11,784,519

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Family Life Communications Incorporated
Details of Consolidated Statement of Activities
Year ended December 31, 2010

	Family Life Broadcasting		Parent Talk, Inc.		
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
Revenues, and Other Support					
General contributions	$ 7,823,401	$ -	$ 1,093,543	$ -	$ 8,916,944
Resource sales and seminar income	-		407,768		407,768
Contributions for specified projects		165,771		199,333	365,104
Donations for broadcasting time	607,877				607,877
Income from bequests and annuities	191,030				191,030
Investment income	32,265		2,690		34,955
Rental and other income	122,757				122,757
Net assets released from restrictions:					
Satisfaction of specified project restrictions	216,353	(216,353)	145,885	(145,885)	-
Total revenues, gains and other support	8,993,683	(50,582)	1,649,886	53,448	10,646,435
Expenses					
Program services	7,568,657		1,020,687		8,589,344
General and administrative	360,962		17,534		378,496
Fund raising	874,218		364,399		1,238,617
Total expenses	8,803,837		1,402,620		10,206,457
Gain (loss) on sale of other assets	(249,000)		-		(249,000)
Gain (loss) on investments	107,423		14,188		121,611
Change in net assets	48,269	(50,582)	261,454	53,448	312,589
Net assets at beginning of year	13,925,777	114,557	(1,886,386)	52,467	12,206,415
Net assets at end of year	$ 13,974,046	$ 63,975	$ (1,624,932)	$ 105,915	$ 12,519,004

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Family Life Communications Incorporated
Details of Consolidated Statement of Functional Expenses
Year ended December 31, 2011

	Family Life Broadcasting			Parent Talk, Inc.			
	Program Services	General and Adminis-trative	Fund Raising	Program Services	General and Adminis-trative	Fund Rasing	Total
Payroll, salaried and hourly	$ 3,371,260	$ 272,458	$ 133,671	$ 75,473	$ 8,294	$ 12,686	$ 3,873,842
Payroll related taxes and benefits	998,968	80,735	39,609	25,695	2,824	4,318	1,152,149
Administration, not elsewhere classified	60,115	4,859	2,383	6,877	756	1,156	76,146
Bank and processing fees	101,007	8,163	4,005	20,565	2,260	3,456	139,456
Computer software/support	83,695	6,764	3,319	-	-	-	93,778
Depreciation and amortization	779,149	62,970	30,892	5,189	571	872	879,643
Insurance	117,185	9,471	4,646	3,316	365	557	135,540
Interest	172,345	13,928	6,834	-	-	-	193,107
Internet and transmission charges	476,114	38,478	18,878	-	-	-	533,470
Outside and contract services	391,479	31,639	15,522	30,914	3,397	5,196	478,147
Postage	209,137	16,902	8,292	62,236	6,840	10,460	313,867
Printing	295,792	23,905	11,728	69,544	7,643	11,688	420,300
Professional fees	44,876	3,627	1,779	12,176	1,338	2,046	65,842
Programming	160,822	-	-	354,888	-	-	515,710
Promotions	-	-	341,657	-	-	73,354	415,011
Rent, building and repairs	509,926	41,211	20,219	5,330	586	896	578,168
Taxes, licenses, and fees	156,646	12,659	6,212	14,877	1,635	2,500	194,529
Telephone	109,843	8,878	4,355	5,217	573	877	129,743
Travel	136,328	11,018	5,405	23,427	2,575	3,937	182,690
Utilities	409,989	33,135	16,256	-	-	-	459,380
Allocation from supporting departments	(423,594)	(34,234)	(16,796)	371,388	40,818	62,418	-
	$ 8,161,082	$ 646,566	$ 658,866	$ 1,087,112	$ 80,475	$ 196,417	$ 10,830,518

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Family Life Communications Incorporated
Details of Consolidated Statement of Functional Expenses
Year ended December 31, 2010

	Family Life Broadcasting			Parent Talk, Inc.			
	Program Services	General and Adminis-trative	Fund Raising	Program Services	General and Adminis-trative	Fund Rasing	Total
Payroll, salaried and hourly	$ 3,120,312	$ 151,943	$ 313,036	$ 105,409	$ 2,722	$ 44,251	$ 3,737,673
Payroll related taxes and benefits	877,234	42,717	88,006	28,139	727	11,813	1,048,636
Administration, not elsewhere classified	57,651	2,809	5,782	12,962	335	5,440	84,979
Bank and processing fees	104,638	5,095	10,498	17,525	453	7,357	145,566
Computer software/support	110,140	5,363	11,050	-	-	-	126,553
Depreciation and amortization	749,072	36,477	75,147	5,122	133	2,150	868,101
Insurance	155,591	7,577	15,609	1,725	44	724	181,270
Interest	173,280	8,438	17,384	-	-	-	199,102
Internet charges	330,457	16,092	33,152	-	-	-	379,701
Outside and contract services	327,309	15,938	32,836	21,461	555	9,009	407,108
Postage	197,815	9,633	19,845	47,217	1,219	19,822	295,551
Printing	233,970	11,393	23,472	78,262	2,022	32,854	381,973
Professional fees	33,573	1,635	3,368	6,240	161	2,619	47,596
Programming	155,987	-	-	341,875	-	-	497,862
Promotions	-	-	130,566	-	-	79,437	210,003
Rent, building and repairs	551,015	26,831	55,279	4,812	124	2,020	640,081
Taxes, licenses, and fees	148,745	7,243	14,923	4,469	116	1,876	177,372
Telephone	106,959	5,209	10,730	4,843	125	2,033	129,899
Travel	132,303	6,442	13,273	12,309	318	5,167	169,812
Utilities	415,676	20,241	41,702	-	-	-	477,619
Allocation from supporting departments	(413,070)	(20,114)	(41,440)	328,317	8,480	137,827	-
	$ 7,568,657	$ 360,962	$ 874,218	$ 1,020,687	$ 17,534	$ 364,399	$ 10,206,457

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Family Life Communications Incorporated
Details of Consolidated Statement of Cash Flows
Year ended December 31, 2011

	Family Life Broadcasting	Parent Talk, Inc.	Total
Operating activities			
Change in net assets	$ (789,294)	$ 54,809	$ (734,485)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization	873,011	6,632	879,643
Loss from asset impairment		351	351
Changes in operating assets and liabilities:			
Accounts payable and accrued expenses	(39,748)	18,993	(20,755)
Long-term investments	54,199	(20,393)	33,806
Net cash provided by (used in) operating activities	98,168	60,392	158,560
Investing activities			
Other assets	42,734	-	42,734
Sale (purchase) of property, equipment	(386,777)	(156,307)	(543,084)
Net cash provided by investing activities	(344,043)	(156,307)	(500,350)
Financing activities			
Principal payments on notes and term debt	(103,631)	-	(103,631)
Annuity liabilities and other	(61,994)	-	(61,994)
Net cash provided by financing activities	(165,625)	-	(165,625)
Increase (decrease) in cash	(411,500)	(95,915)	(507,415)
Cash and cash equivalents at beginning of year	6,055,362	105,915	6,161,277
Cash and cash equivalents at end of year	$ 5,643,862	$ 10,000	$ 5,653,862

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Family Life Communications Incorporated
Details of Consolidated Statement of Cash Flows
Year ended December 31, 2010

	Family Life Broadcasting	Parent Talk, Inc.	Total
Operating activities			
Change in net assets	$ (2,313)	$ 314,902	$ 312,589
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation and amortization	860,696	7,405	868,101
Amortization of bond issue costs			-
Gain from disposals of assets	250,000	-	250,000
Changes in operating assets and liabilities:			
Accounts payable and accrued expenses	148,071	(1,839)	146,232
Long-term investments	(146,364)	(14,231)	(160,595)
Net cash provided by (used in) operating activities	1,110,090	306,237	1,416,327
Investing activities			
Payment of bond issue costs			-
Other assets	106,208	-	106,208
Proceeds from disposals of property		-	-
Sale (purchase) of property, equipment	(172,046)	(252,789)	(424,835)
Net cash provided by investing activities	(65,838)	(252,789)	(318,627)
Financing activities			
Principal payments on notes and term debt	(99,449)	-	(99,449)
Annuity liabilities and other	(100,067)	-	(100,067)
Net cash provided by financing activities	(199,516)	-	(199,516)
Increase (decrease) in cash	844,736	53,448	898,184
Cash and cash equivalents at beginning of year	5,210,626	52,467	5,263,093
Cash and cash equivalents at end of year	$ 6,055,362	$ 105,915	$ 6,161,277

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