

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)
Lake Mary, Florida

FINANCIAL STATEMENTS
(With Independent Auditor's Report Thereon)

Years Ended December 31, 2003 and 2002

LIGONIER MINISTRIES, INC.

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Years Ended December 31, 2003 and 2002

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MCDIRMIT DAVIS PUCKETT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ligonier Ministries, Inc.
Lake Mary, Florida

We have audited the accompanying statements of financial position of *Ligonier Ministries, Inc.* (A Not-For-Profit Corporation) as of December 31, 2003 and 2002, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of *Ligonier Ministries, Inc.*'s management. Our responsibility is to express an opinion on these 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 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 financial position of *Ligonier Ministries, Inc.* (A Not-for-Profit Corporation) as of December 31, 2003 and 2002, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

MCDIRMIT DAVIS PUCKETT & COMPANY, LLC

March 5, 2004

MCDIRMIT DAVIS PUCKETT & COMPANY, LLC
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LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$2,000,041	\$2,008,639
Accounts receivable, net of allowance for doubtful accounts of \$1,000	8,362	18,379
Inventories	358,966	410,676
Prepaid expenses	<u>258,030</u>	<u>114,297</u>
Total current assets	2,625,399	2,551,991
Investments and Other Assets		
Cash-Restricted	67,932	57,330
Property and Equipment , net of accumulated depreciation	67,885	115,710
Deferred Charges , net of accumulated amortization	2,527,451	2,366,683
Investments - Restricted	17,750	19,430
	<u>10,518</u>	<u>10,452</u>
	<u>\$5,316,935</u>	<u>\$5,121,596</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Notes and mortgages payable - Amount due within one year	\$ 129,987	\$ 95,047
Current maturities of obligations under capital leases	1,831	7,498
Accounts payable and accrued expenses	525,481	713,075
Deferred fees - net	82,818	60,929
Deferred subscriptions	<u>125,785</u>	<u>122,002</u>
Total current liabilities	<u>865,902</u>	<u>998,551</u>
Long-Term Liabilities:		
Notes and mortgages payable - Amount not due within one year	927,697	995,752
Capital leases payable - Amount not due within one year	-	1,828
Total long-term liabilities	<u>927,697</u>	<u>997,580</u>
Deferred Credits:		
Deferred subscriptions	<u>47,641</u>	<u>46,310</u>
Total liabilities and deferred credits	<u>1,841,240</u>	<u>2,042,441</u>
Commitments and Contingencies (Note 8)		
Net Assets:		
Permanently restricted	10,518	10,452
Temporarily restricted	67,885	115,710
Unrestricted	<u>3,397,292</u>	<u>2,952,993</u>
Total net assets	<u>3,475,695</u>	<u>3,079,155</u>
	<u>\$5,316,935</u>	<u>\$5,121,596</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenues and Support:		
Contributions	\$ 7,107,493	\$ 7,099,016
Net sales	2,918,474	2,878,775
Tuition and fees	557,152	479,190
Interest and investment income	5,116	5,538
Royalties and other revenue	10,290	11,264
Loss on disposal of assets	<u>(6,942)</u>	<u>(8,691)</u>
Total revenues and support	<u>10,591,583</u>	<u>10,465,092</u>
Expenses:		
Program services	7,930,371	7,549,038
General and administration	753,729	729,156
Development	<u>1,510,943</u>	<u>1,524,347</u>
Total expenses	<u>10,195,043</u>	<u>9,802,541</u>
Increase in Net Assets	<u>\$ 396,540</u>	<u>\$ 662,551</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2003 and 2002

	<u>Permanently Restricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Balance, December 31, 2001	\$10,310	\$125,211	\$2,281,083	\$2,416,604
Increase (Decrease) in net assets per Statements of Activities for the year ended December 31, 2002	<u>142</u>	<u>(9,501)</u>	<u>671,910</u>	<u>662,551</u>
Balance, December 31, 2002	10,452	115,710	2,952,993	3,079,155
Increase (Decrease) in net assets per Statements of Activities for the year ended December 31, 2003	<u>66</u>	<u>(47,825)</u>	<u>444,299</u>	<u>396,540</u>
Balance, December 31, 2003	<u>\$10,518</u>	<u>\$ 67,885</u>	<u>\$3,397,292</u>	<u>\$3,475,695</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash Flows From Operating Activities:		
Receipts from contributions	\$ 7,090,658	\$7,099,016
Receipts from sales of products, tuition and fees	3,512,646	3,367,170
Interest and other miscellaneous receipts	15,586	18,585
Cash paid to suppliers of materials, employees and other operating cash payments	(10,115,260)	(9,546,525)
Interest paid	(76,242)	(89,269)
Net cash provided by (used for) operating activities	<u>427,388</u>	<u>848,977</u>
Cash Flows From Investing Activities:		
Sale (Purchase) of investments	5,987	(8,070)
Product development and equipment cost	(319,188)	(337,895)
Net cash provided by (used for) investing activities	<u>(313,201)</u>	<u>(345,965)</u>
Cash Flows From Financing Activities:		
Payments on long-term indebtedness and capital leases	(170,610)	(154,431)
Increase (Decrease) in line of credit	-	(300,000)
Net cash provided by (used for) financing activities	<u>(170,610)</u>	<u>(454,431)</u>
Net Change in Cash and Cash Equivalents	(56,423)	48,581
Cash and Cash Equivalents - Beginning of Year	<u>2,124,349</u>	<u>2,075,768</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,067,926</u>	<u>\$2,124,349</u>
Summary:		
Unrestricted	\$ 2,000,041	\$2,008,639
Restricted	67,885	115,710
Total	<u>\$ 2,067,926</u>	<u>\$2,124,349</u>
Reconciliation Of Net Increase In Net Assets		
To Net Cash Provided By (Used For) Operating Activities:		
Increase in net assets per Statements of Activities	\$396,540	\$662,551
Add (Subtract) items not requiring (providing) cash:		
Contribution of marketable securities	(16,835)	-
Depreciation and amortization	283,158	250,860
Gain (loss) on investments	180	1,783
Loss on disposal of equipment	6,942	8,691
Total	<u>669,985</u>	<u>923,885</u>
Cash provided by (used for) changes in:		
Accounts receivable	10,017	(13,571)
Inventories	51,710	(119,423)
Prepaid expenses	(143,733)	(81)
Accounts payable and accrued liabilities	(187,594)	35,391
Deferred fees and subscriptions	27,003	22,776
Net cash provided by (used for) operating activities	<u>\$427,388</u>	<u>\$848,977</u>
Supplemental Data for Non-Cash Activities:		
Proceeds from long-term indebtedness and capital leases used for purchase of property and equipment	<u>\$130,000</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2003 and 2002

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization - Ligonier Ministries, Inc. (the Ministry) is a not-for-profit corporation that operates as a educational organization. The Ministry provides Christian education through radio programs, conferences, and the sale of books, audio and video tapes, magazines, and curriculum. The Ministry also receives contributions from donors throughout the United States.

Basis of Accounting - The Ministry follows the standards of accounting and financial reporting prescribed for nonprofit organizations under Financial Accounting Standards Board Statements 116 "Accounting for Contributions Received and Contributions Made" and 117 "Financial Statements of Not-for-Profit Organizations". The Ministry also follows the "Accounting and Financial Reporting Guide for Christian Ministries" published by the Evangelical Council for Financial Accountability.

Tax Status - Ligonier Ministries, Inc. is exempt from taxation under Internal Revenue Code Section 501 (c)(3) on income related to its tax exempt purpose. The Ministry had no unrelated business income, as defined by the Internal Revenue Code, during the years ended December 31, 2003 and 2002, accordingly, no tax liability or provision has been provided for in the accompanying financial statements.

Fair Value of Financial Instruments - The carrying amounts of cash, accounts receivable, and accounts payable approximate fair value because of the short maturity of these items. The carrying amounts of the notes and mortgages payable approximate fair value because the interest rates on these instruments approximate market interest rates.

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

Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include cash invested in liquid instruments with an original maturity date of three months or less. Cash and cash equivalents have certain restrictions as to its use (See Note 7).

Inventories - Inventories consist of audio and video tapes, books and curriculum materials. Inventories are stated at the lower of cost or market using the first-in, first-out inventory method.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 1 - Summary of Significant Accounting Policies (Continued):

Property, Equipment and Depreciation - The Ministry's policy is to capitalize all purchases whose life is greater than one year. Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the various classes of assets, as follows:

Building	40 years
Furniture and equipment	5-10 years
Production equipment	5-10 years
Library	5-10 years
Building improvements	4-8 years

Investments - Investments are carried at fair market value. In the case of securities received as gifts, the securities are valued at their fair market value on the date received (See Contributions and Revenue Recognition). Changes in market values are recorded as investment income. Restricted investments are restricted as to their use (See Note 7).

Deferred Subscriptions - Subscriptions to the Ministry's magazine are made in one, two and three year intervals. The portion of revenue relating to two and three year subscriptions is deferred and recognized in the period earned.

Contributions and Revenue Recognition - Contributions, including pledges, from the general public are recognized as public support when the contribution or pledge is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted contributions based on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue from sales of material and program service fees are recognized when earned.

Profit Sharing Plan - The Ministry has a defined contribution money purchase retirement plan for qualified salaried employees. Contributions to the plan are computed at 7% of qualified wages, less any forfeitures, and totaled \$69,150 and \$109,043 in 2003 and 2002, respectively. During 2003, the Ministry closed the defined contribution money purchase retirement plan and established a safe harbor 401(k) plan. Contributions to the plan are required at 3% of qualified wages and totaled \$19,365 in 2003.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 2 - Investments and Other Assets:

Investments and other assets are summarized as follows:

	Market Value December 31,	
	<u>2003</u>	<u>2002</u>
Certificate of deposit	\$10,518	\$ -
Mutual Funds	-	10,452
Investments in common stocks and limited partnerships	65,732	55,130
Refundable deposits and other	<u>2,200</u>	<u>2,200</u>
Total	78,450	67,782
Restricted (Note 7)	<u>10,518</u>	<u>10,452</u>
Unrestricted	<u>\$67,932</u>	<u>\$57,330</u>

Investment income is summarized as follows:

	<u>2003</u>	<u>2002</u>
Interest and dividend income	\$ 5,296	\$ 7,321
Unrealized gains (losses) on securities	1,783	(1,783)
Realized losses on securities	<u>(1,963)</u>	<u>-</u>
Total	<u>\$ 5,116</u>	<u>\$ 5,538</u>

The limited partnership interests and common stocks were donated. The contributions were recorded as assets and revenues at estimated fair market values at the dates of the donation. The carrying amounts approximate fair value at December 31, 2003 and 2002.

Note 3 - Property and Equipment:

Property and equipment is summarized as follows:

	<u>2003</u>	<u>2002</u>
Land	\$ 189,000	\$ 189,000
Building	1,311,000	1,311,000
Furniture and office equipment	1,914,498	1,666,856
Production equipment, tape masters, etc.	1,150,631	1,038,281
Building improvements	152,000	131,668
Products under development	<u>82,934</u>	<u>54,291</u>
Total	4,800,063	4,391,096
Less: Accumulated Depreciation	<u>2,272,612</u>	<u>2,024,413</u>
Total	<u>\$2,527,451</u>	<u>\$2,366,683</u>

Depreciation expense including amortization was \$281,479 and \$250,860 for the years ended December 31, 2003 and 2002, respectively.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 4 - Deferred Conference Fees and Expenses:

Deferred fees represent conference fees received during the year that pertain to conferences to be held in future years. The ministry has deferred the recognition of the conference fees as support in order to match conference expenses with conference fees. Certain expenses paid pertaining to the conferences, including advertising, were also deferred and are netted against deferred conference fees. Deferred fees are summarized as follows:

	<u>2003</u>	<u>2002</u>
Deferred fees	\$137,625	\$107,904
Less: Deferred conference expenses	<u>(54,807)</u>	<u>(46,975)</u>
Total	<u>\$ 82,818</u>	<u>\$ 60,929</u>

Note 5 - Bank Line of Credit:

At December 31, 2003 and 2002, the Ministry had an available bank line of credit of \$800,000 and \$500,000. The line of credit is payable upon demand with an annual interest rate at the bank's prime lending rate (4.0%). At December 31, 2003 and 2002, there was no balance due under the line of credit. The line of credit is secured by all assets of the Ministry.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 6 - Notes and Mortgages Payable:

Notes and mortgages payable are summarized as follows:

	<u>2003</u>	<u>2002</u>
Mortgage Note:		
The mortgage is payable in monthly payments of \$12,978 including interest at 7.5%. The mortgage is held by the previous property owner and is collateralized by a first mortgage on real property in Seminole County. The mortgage is guaranteed by a contributor-board member of the Ministry. The guarantor is secured by a life insurance policy for \$1,000,000 on the chairman and president of the Ministry.	\$ 901,583	\$1,034,691
Wachovia Bank:		
Notes payable represents installment notes payable in equal payments of \$4,582, including interest from 5.0% to 5.5%. The notes mature in June 2005 and October 2008. The notes are secured by equipment.	<u>156,101</u>	<u>56,108</u>
Total:	1,057,684	1,090,799
Less: Amount due within one year	<u>129,987</u>	<u>95,047</u>
Amount not due within one year	<u>\$ 927,697</u>	<u>\$ 995,752</u>

The long-term portion of the aggregate indebtedness is due as follows:

Year Ending December 31,	
2005	\$131,720
2006	131,628
2007	141,287
2008	143,460
2009 and thereafter	<u>379,602</u>
Total	<u>\$927,697</u>

Interest expense for the years ended December 31, 2003 and 2002 was \$76,242 and \$89,269, respectively.

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 7 - Net Assets:

Permanently Restricted - Permanently restricted net assets consist of endowment funds requiring that the principal be invested in perpetuity and the income be restricted and used to support conference scholarships for the Ministry's students.

Permanently restricted net assets consist of the following:

	<u>2003</u>	<u>2002</u>
Conference scholarships	<u>\$10,518</u>	<u>\$10,452</u>

Temporarily Restricted Net Assets - Temporarily restricted net assets are available for the following purposes:

	<u>2003</u>	<u>2002</u>
Foreign radio ministry	\$ 3,607	\$ 67,282
Funds to be used for video tape library	25,292	26,405
Scholarships for Orlando conference	10,797	10,797
Funds to be used for future school of theology	6,241	6,297
Funds to be used for African educational curriculum	11,084	-
Funds to be used for digitization of master library	-	263
Funds to be used for translation project	<u>10,864</u>	<u>4,666</u>
Total	<u>\$67,885</u>	<u>\$115,710</u>

Unrestricted Net Assets - Unrestricted net assets consist of net assets that are not restricted, by a donor, as to use. Unrestricted net assets is summarized as follows:

	<u>2003</u>	<u>2002</u>
Net investment in property and equipment	\$1,467,936	\$1,266,558
Building fund cash restricted - See below	89,796	60,855
Undesignated unrestricted net assets	<u>1,839,560</u>	<u>1,625,580</u>
Total	<u>\$3,397,292</u>	<u>\$2,952,993</u>

Building Fund Cash Restricted - The Ministry, under its mortgage agreement (See Note 6), must establish a building fund in the following monthly amounts:

December, 2001 through November, 2002	\$22,598 per month
December, 2002 through November, 2003	\$23,042 per month
December, 2003 through October, 2009	\$24,386 per month

The Ministry will use these funds to pay for the following items: (1) principal and interest on the mortgage note (2) real estate and sales taxes on the subject mortgaged property; (3) operating expenses directly related to the building; and (4) prepayments on the mortgage note.

LIGONIER MINISTRIES, INC.
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NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 8 - Commitments and Contingencies:

Operating Leases - The Ministry has leases on certain office equipment. During 2003 the leases ended, no longer requiring a monthly payment. Equipment rent expense, including sales tax, during 2003 and 2002 totaled \$38,965 and \$45,124 respectively.

Capitalized Leases - The Ministry also leases certain office equipment under non-cancelable lease agreements accounted for as capital leases. At December 31, 2003 and 2002, the lease obligations amounted to \$1,831 and \$9,326.

At December 31, 2003 and 2002, capital leases accounted for \$41,184 of assets included in property and equipment. Accumulated amortization relating to these assets amounted to \$41,184 and \$32,542 as of December 31, 2003 and 2002, respectively. The annual amortization expense for these assets amounted to \$8,642 and \$10,581, and is included in depreciation expense for the years ended December 31, 2003 and 2002.

The aggregate future minimum lease commitments for the above capital leases are as follows:

Year Ending December 31, 2004	<u>\$1,855</u>
Total lease payments	1,855
Amount representing interest	<u>24</u>
Total capital lease payable	<u>\$1,831</u>

Interest expense pertaining to capital leases amounted to \$380 and \$1,320 for the years ended December 31, 2003 and 2002, respectively.

Contracts - In 2000 the Ministry entered into a contract with a company to administer the Ministry's planned giving program. As donors respond to the Ministry's brochures for its planned giving program, the administrator bills the Ministry based on the size of the estate of donor. The Ministry is billed eighty percent of the fee at the beginning, as well as a ten percent expense reimbursement. If a donor updates their will or estate then the Ministry is billed the remaining twenty percent. The Ministry paid approximately \$4,320 for these services for the years ended December 31, 2002.

LIGONIER MINISTRIES, INC.
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NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 9 - Concentration of Credit Risk:

The Ministry maintains cash balances at two financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. The Ministry's uninsured cash balances totaled approximately \$1,276,855 at December 31, 2003.

Note 10 - Conference Operations:

Revenues and expenses relating to conferences are summarized as follows:

	<u>2003</u>	<u>2002</u>
Tuition and fees revenue	\$557,152	\$479,190
Program services and travel expense	\$420,145	\$302,475

LIGONIER MINISTRIES, INC.
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NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 11 - Schedule of Functional Expenses:

	2003			
	<u>Program Services</u>	<u>General and Administration</u>	<u>Development</u>	<u>Total</u>
Salaries, wages and housing allowance	\$1,576,549	\$375,999	\$ 547,265	\$ 2,499,813
Cost of goods sold	893,928	-	-	893,928
Radio ministry airtime	3,039,247	-	-	3,039,247
Program services and travel expenses	420,145	27,611	20,982	468,738
Payroll taxes	104,129	24,835	36,298	165,262
Group insurance	147,330	32,389	47,142	226,861
Pension contributions	55,378	13,495	19,642	88,515
Mailing and shipping	311,948	5,958	550,798	868,704
Printing	336,565	80	108,372	445,017
Rental expenses	28,718	10,709	-	39,427
Professional services	76,921	73,148	48,601	198,670
Design fees	31,547	-	-	31,547
Program and resource promotion	84,054	-	-	84,054
Telephone	50,251	29,316	17,179	96,746
Benevolence, gifts, and honorariums	105,664	245	6,395	112,304
Office supplies	69,338	32,217	3,958	105,513
Insurance	71,233	13,106	12,619	96,958
Utilities	21,358	3,606	2,774	27,738
Dues & subscriptions	939	1,825	155	2,919
Maintenance	83,886	12,946	9,959	106,791
Staff training	15,274	3,195	7,549	26,018
Credit card fees	130,245	-	35,814	166,059
Interest	55,925	13,054	7,263	76,242
Miscellaneous	3,061	41,723	30	44,814
Total	<u>7,713,633</u>	<u>715,457</u>	<u>1,482,795</u>	<u>9,911,885</u>
Depreciation and amortization	<u>216,738</u>	<u>38,272</u>	<u>28,148</u>	<u>283,158</u>
Total	<u>\$7,930,371</u>	<u>\$753,729</u>	<u>\$1,510,943</u>	<u>\$10,195,043</u>

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 11 - Schedule of Functional Expenses - Continued:

	2002			
	<u>Program Services</u>	<u>General and Administration</u>	<u>Development</u>	<u>Total</u>
Salaries, wages and housing Allowance	\$1,604,677	\$348,533	\$ 604,459	\$2,557,669
Cost of goods sold	939,094	-	-	939,094
Radio ministry airtime	2,799,536	-	-	2,799,536
Program services and travel expenses	302,475	29,258	46,379	378,112
Payroll taxes	117,906	25,609	44,413	187,928
Group insurance	116,237	23,160	38,050	177,447
Pension contributions	69,544	16,137	23,362	109,043
Mailing and shipping	390,308	4,148	504,319	898,775
Printing	368,980	1,109	104,939	475,028
Rental expenses	38,209	6,915	-	45,124
Professional services	28,352	54,646	40,040	123,038
Design fees	47,631	-	980	48,611
Program and resource promotion	37,233	-	-	37,233
Telephone	54,796	35,089	26,943	116,828
Benevolence, gifts, and honorariums	98,775	163	3,243	102,181
Office supplies	34,940	27,636	4,627	67,203
Insurance	57,515	9,804	7,884	75,203
Utilities	21,905	3,698	2,845	28,448
Dues & subscriptions	1,387	106	2,524	4,017
Maintenance	51,752	51,799	3,267	106,818
Staff training	1,894	15,995	1,790	19,679
Credit card fees	107,370	-	30,971	138,341
Interest	63,309	17,738	8,222	89,269
Miscellaneous	<u>3,343</u>	<u>23,541</u>	<u>172</u>	<u>27,056</u>
Total	7,357,168	695,084	1,499,429	9,551,681
Depreciation and amortization	<u>191,870</u>	<u>34,072</u>	<u>24,918</u>	<u>250,860</u>
Total	<u>\$7,549,038</u>	<u>\$729,156</u>	<u>\$1,524,347</u>	<u>\$9,802,541</u>

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 12 - Schedule of Restricted Activities:

	2003			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues and Support:				
Contributions	\$ 7,021,115	\$ 86,378	\$ -	\$ 7,107,493
Net sales	2,918,474	-	-	2,918,474
Tuition and fees	557,152	-	-	557,152
Interest income	5,009	-	107	5,116
Royalties and other revenue	10,290	-	-	10,290
Loss on disposal of assets	<u>(6,942)</u>	<u>-</u>	<u>-</u>	<u>(6,942)</u>
Total revenue and support	<u>10,505,098</u>	<u>86,378</u>	<u>107</u>	<u>10,591,583</u>
Net Assets Released From Restriction:				
Satisfaction of property and equipment acquisition restrictions	9,770	(9,770)	-	-
Satisfaction of program restriction	<u>124,474</u>	<u>(124,433)</u>	<u>(41)</u>	<u>-</u>
Total	<u>134,244</u>	<u>(134,203)</u>	<u>(41)</u>	<u>-</u>
Total	<u>10,639,342</u>	<u>(47,825)</u>	<u>66</u>	<u>10,591,583</u>
Expenses:				
Program services	7,930,371	-	-	7,930,371
General and administration	753,729	-	-	753,729
Development	<u>1,510,943</u>	<u>-</u>	<u>-</u>	<u>1,510,943</u>
Total expenses	<u>10,195,043</u>	<u>-</u>	<u>-</u>	<u>10,195,043</u>
Increase (Decrease) in Net Assets	444,299	(47,825)	66	396,540
Net Assets, Beginning of Year	<u>2,952,993</u>	<u>115,710</u>	<u>10,452</u>	<u>3,079,155</u>
Net Assets, End of Year	<u>\$ 3,397,292</u>	<u>\$ 67,885</u>	<u>\$ 10,518</u>	<u>\$ 3,475,695</u>

LIGONIER MINISTRIES, INC.
(A Not-For-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS - Continued

Years Ended December 31, 2003 and 2002

Note 12 - Schedule of Restricted Activities - Continued:

	2002			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support:				
Contributions	\$ 7,007,943	\$ 91,073	\$ -	\$ 7,099,016
Net sales	2,878,775	-	-	2,878,775
Tuition and fees	479,190	-	-	479,190
Interest income	5,396	-	142	5,538
Royalties and other revenue	11,264	-	-	11,264
Loss on disposal of assets	(8,691)	-	-	(8,691)
Total revenue and support	<u>10,373,877</u>	<u>91,073</u>	<u>142</u>	<u>10,465,092</u>
Net Assets Released From Restriction:				
Satisfaction of property and equipment acquisition restrictions	33,163	(33,163)	-	-
Satisfaction of program restriction	67,411	(67,411)	-	-
Total	<u>100,574</u>	<u>(100,574)</u>	<u>-</u>	<u>-</u>
Total	<u>10,474,451</u>	<u>(9,501)</u>	<u>142</u>	<u>10,465,092</u>
Expenses:				
Program services	7,549,038	-	-	7,549,038
General and administration	729,156	-	-	729,156
Development	1,524,347	-	-	1,524,347
Total expenses	<u>9,802,541</u>	<u>-</u>	<u>-</u>	<u>9,802,541</u>
Increase (Decrease) in Net Assets	671,910	(9,501)	142	662,551
Net Assets, Beginning of Year	<u>2,281,083</u>	<u>125,211</u>	<u>10,310</u>	<u>2,416,604</u>
Net Assets, End of Year	<u>\$2,952,993</u>	<u>\$ 115,710</u>	<u>\$10,452</u>	<u>\$ 3,079,155</u>