



LIGONIER MINISTRIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Ligonier Ministries, Inc.
Sanford, Florida

We have audited the accompanying consolidated financial statements of Ligonier Ministries, Inc. ("the Ministry"), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, 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.

Auditor's 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 audits 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 Ministry'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 Ministry'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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ligonier Ministries, Inc. as of December 31, 2016 and 2015, the changes in its consolidated net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental consolidating statement of financial position as of December 31, 2016, and the related supplemental consolidating statements of activities and cash flows for the year then ended which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in blue ink that reads "Battis Morrison Wales & Lee, P.A." in a cursive script.

BATTIS MORRISON WALES & LEE, P.A.

Orlando, Florida
May 8, 2017

BATTIS MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS

LIGONIER MINISTRIES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,727,993	\$ 2,778,573
Cash restricted for long-term purposes	3,348,526	3,278,253
Inventories	1,984,718	1,697,566
Other assets	1,085,424	1,124,637
Property and equipment, net	18,069,838	16,862,006
Total assets	\$ 26,216,499	\$ 25,741,035

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 1,987,645	\$ 2,119,014
Deferred revenue	1,553,488	1,174,470
Notes payable	4,792,737	5,283,826
Total liabilities	8,333,870	8,577,310
NET ASSETS		
Unrestricted	14,268,208	13,517,970
Temporarily restricted	3,304,421	3,535,755
Permanently restricted	310,000	110,000
Total net assets	17,882,629	17,163,725
Total liabilities and net assets	\$ 26,216,499	\$ 25,741,035

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

LIGONIER MINISTRIES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For The Year Ended December 31, 2016				For The Year Ended December 31, 2015
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS					
Unrestricted contributions	\$ 17,600,385	\$ —	\$ —	\$ 17,600,385	\$ 15,824,217
Temporarily restricted contributions	—	1,995,628	—	1,995,628	3,337,383
Permanently restricted contributions	—	—	200,000	200,000	100,000
Ministry media revenue	4,500,426	—	—	4,500,426	4,807,418
Tuition and fees, net	1,035,044	—	—	1,035,044	1,076,093
Conference registrations	767,796	—	—	767,796	756,659
Other revenue	215,276	—	—	215,276	422,570
Net assets released from restrictions	<u>2,226,962</u>	<u>(2,226,962)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>26,345,889</u>	<u>(231,334)</u>	<u>200,000</u>	<u>26,314,555</u>	<u>26,324,340</u>
EXPENSES					
Program activities					
Ministry activities	16,876,015	—	—	16,876,015	16,135,538
Cost of ministry media and donor fulfillment	<u>1,568,146</u>	<u>—</u>	<u>—</u>	<u>1,568,146</u>	<u>1,490,896</u>
Total program activities	<u>18,444,161</u>	<u>—</u>	<u>—</u>	<u>18,444,161</u>	<u>17,626,434</u>
Supporting activities					
Development	4,069,261	—	—	4,069,261	3,719,638
General and administrative	<u>3,082,229</u>	<u>—</u>	<u>—</u>	<u>3,082,229</u>	<u>2,770,414</u>
Total supporting activities	<u>7,151,490</u>	<u>—</u>	<u>—</u>	<u>7,151,490</u>	<u>6,490,052</u>
Total expenses	<u>25,595,651</u>	<u>—</u>	<u>—</u>	<u>25,595,651</u>	<u>24,116,486</u>
Change in unrestricted net assets	750,238	—	—	750,238	(382,558)
Change in temporarily restricted net assets	—	(231,334)	—	(231,334)	2,490,412
Change in permanently restricted net assets	—	—	200,000	200,000	100,000
CHANGE IN NET ASSETS	750,238	(231,334)	200,000	718,904	2,207,854
NET ASSETS - Beginning of year	<u>13,517,970</u>	<u>3,535,755</u>	<u>110,000</u>	<u>17,163,725</u>	<u>14,955,871</u>
NET ASSETS - End of year	<u>\$ 14,268,208</u>	<u>\$ 3,304,421</u>	<u>\$ 310,000</u>	<u>\$ 17,882,629</u>	<u>\$ 17,163,725</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

LIGONIER MINISTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	2016	2015
OPERATING CASH FLOWS		
Cash received from contributors	\$ 17,914,999	\$ 15,906,828
Cash received from sales of ministry media	4,563,628	4,886,123
Cash received from student tuition and conferences	2,118,656	1,679,840
Other revenue received	215,276	422,570
Cash paid for operating activities and costs	(24,885,672)	(23,399,325)
Interest paid	(209,072)	(153,710)
	(282,185)	(657,674)
INVESTING CASH FLOWS		
Net investment in assets held for long-term purposes	(70,273)	(2,500,260)
Purchases of and improvements to property and equipment	(2,088,047)	(851,494)
	(2,158,320)	(3,351,754)
FINANCING CASH FLOWS		
Proceeds from contributions restricted for investment in property and equipment and endowment	1,881,014	3,224,772
Borrowings	—	2,000,000
Repayments	(491,089)	(382,444)
	1,389,925	4,842,328
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,050,580)	832,900
CASH AND CASH EQUIVALENTS - Beginning of year	2,778,573	1,945,673
CASH AND CASH EQUIVALENTS - End of year	\$ 1,727,993	\$ 2,778,573
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS		
Change in net assets	\$ 718,904	\$ 2,207,854
Adjustments to reconcile change in net assets to net operating cash flows		
Contributions restricted for investment in property and equipment and endowment	(1,881,014)	(3,224,772)
Depreciation and amortization	880,215	881,655
Noncash contributions	—	(130,000)
Change in inventories	(287,152)	(685,911)
Change in other assets	39,213	38,790
Change in accounts payable and accrued expenses	(131,369)	328,917
Change in deferred revenue	379,018	(74,207)
	\$ (282,185)	\$ (657,674)

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

LIGONIER MINISTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Ligonier Ministries, Inc. (“the Ministry”) is a not-for-profit Pennsylvania corporation, with headquarters in Sanford, Florida. The Ministry promotes Christian theological education and scholarship. In so doing, the Ministry produces radio programs for broadcast, conducts conferences, sells books, audio and video media, magazines, curriculum, and publishes books and other media that advance the Ministry’s exempt religious and educational purposes.

In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the consolidated financial statements of the Ministry include the accounts of the following organizations, which are separate legal entities:

- Ligonier Academy of Biblical and Theological Studies, Inc. (“the Academy”) is a Florida not-for-profit corporation whose purpose is to provide theological education through certificate programs, graduate degree programs, and an undergraduate program. The Ministry has the authority to appoint the members of the Academy’s governing body.
- LM SPE A, LLC (“the Company”) was created for the purpose of holding title to certain real property and to support the Ministry. The Ministry is the sole member of the Company.
- Ligonier Property Holdings, Inc. (“Property Holdings”) is a Florida not-for-profit corporation formed in 2014 whose purpose is to hold title to certain real property and to support the Ministry. The Ministry has the authority to appoint the members of Property Holdings’ governing body. Property Holdings had no financial activity during 2016 or 2015.

These entities are collectively referred to herein as “the Ministry.” All significant interorganization transactions and balances have been eliminated in consolidation.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restricted and unrestricted revenue and support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 consolidated statements of activities as “net assets released from restrictions.”

Revenue recognition

Tuition and fees for the Academy are reported net of discounts for students who are provided financial assistance in the form of reduced tuition. Tuition is recognized ratably through the Academy’s academic year. All other revenue is recognized in the period earned.

Cash and cash equivalents

The Ministry considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Cash restricted for long-term purposes

Cash restricted for long-term purposes consisted of amounts held which are restricted for capital projects and certain endowments.

LIGONIER MINISTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

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

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation and amortization is provided using the straight-line method over the estimated useful lives of the related assets.

Deferred revenue

Deferred revenue consists of unearned revenue from Academy tuition, magazine subscriptions, and conference registrations received in advance of the event. Subscriptions to the Ministry's magazine are made in one-, two-, and three-year intervals. The future portion of revenue relating to these subscriptions is deferred and recognized in the periods earned.

Income taxes

The Ministry, Academy, and Property Holdings are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. The Ministry, the Academy, and Property Holdings are further classified as public charities and not as private foundations for federal tax purposes. The Company is a disregarded entity for federal tax purposes. The entities have not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements. The entities have not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America.

Use of estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those related to the useful lives of property and equipment. Actual results could differ from the estimates.

Reclassifications

Certain amounts included in the consolidated financial statements for 2015 have been reclassified to conform to classifications adopted during 2016. The reclassifications had no material effect on the accompanying consolidated financial statements.

Subsequent events

The Ministry has evaluated for possible financial reporting and disclosure subsequent events through May 8, 2017, the date as of which the consolidated financial statements were available to be issued.

NOTE C – CONCENTRATIONS

The Ministry maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Ministry has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

The Ministry's notes payable are held by a single bank.

LIGONIER MINISTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Category	December 31,	
	2016	2015
Land	\$ 4,278,588	\$ 4,278,588
Buildings and improvements	11,284,539	11,269,278
Furniture and equipment	5,688,208	4,786,930
Production equipment and media masters	4,828,013	4,297,119
Media masters under development	656,146	478,789
Construction in progress	503,936	40,679
Total property and equipment	27,239,430	25,151,383
Less: Accumulated depreciation	(9,169,592)	(8,289,377)
Net property and equipment	\$18,069,838	\$16,862,006

Depreciation expense amounted to \$880,215 and \$881,655 for 2016 and 2015, respectively.

NOTE E – NOTES PAYABLE

Notes payable consisted of the following:

	December 31,	
	2016	2015
Consolidated note payable to a bank, fixed principal payments of approximately \$36,900 (including interest at 3.70% per annum) payable monthly, subject to various financial and other covenants as described in the loan documents, secured by a consolidated mortgage on certain real property and a collateral assignment of a certain \$3,000,000 key man life insurance policy, matures November 2024	\$ 3,032,496	\$ 3,355,142
Note payable to a bank, fixed principal payments of approximately \$20,300 (including interest at 3.98% per annum) payable monthly, secured by the same consolidated mortgage referred to above, matures September 2025	1,760,241	1,928,684
Total notes payable	\$ 4,792,737	\$ 5,283,826

Approximate future maturities of notes payable are as follows:

Year Ending December 31,	
2017	\$ 511,000
2018	531,000
2019	552,000
2020	573,000
2021	596,000
Thereafter	2,030,000
Total	\$ 4,793,000

LIGONIER MINISTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E – NOTES PAYABLE (Continued)

Interest expense amounted to \$209,072 and \$153,710 for 2016 and 2015, respectively.

NOTE F – RESTRICTIONS ON NET ASSETS

Net assets were temporarily restricted for the following purposes during 2016:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Capital projects	\$ 3,168,253	\$ 1,681,014	\$ (1,810,741)	\$ 3,038,526
Academy scholarships	99,675	135,289	(90,539)	144,425
Foreign translation	58,553	495	(1,677)	57,371
Other	140,472	178,830	(277,042)	42,260
Missions	<u>68,802</u>	<u>—</u>	<u>(46,963)</u>	<u>21,839</u>
Total	<u>\$ 3,535,755</u>	<u>\$ 1,995,628</u>	<u>\$ (2,226,962)</u>	<u>\$ 3,304,421</u>

Net assets were temporarily restricted for the following purposes during 2015:

	<u>Balance</u> <u>January 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>December 31</u>
Capital projects	\$ 767,993	\$ 3,124,772	\$ (724,512)	\$ 3,168,253
Other	79,268	122,347	(61,143)	140,472
Academy scholarships	44,980	89,439	(34,744)	99,675
Missions	95,159	215	(26,572)	68,802
Foreign translation	<u>57,943</u>	<u>610</u>	<u>—</u>	<u>58,553</u>
Total	<u>\$ 1,045,343</u>	<u>\$ 3,337,383</u>	<u>\$ (846,971)</u>	<u>\$ 3,535,755</u>

Permanently restricted net assets consist of two endowment funds, distributions from which are restricted for scholarships.

NOTE G – RETIREMENT PLAN

The Ministry contributes to a 401(k) profit-sharing plan (“the Plan”). Eligible employees may make elective deferral contributions to the Plan. Employer contributions to the Plan are discretionary. The Ministry contributed approximately \$236,000 and \$189,000 to the Plan during 2016 and 2015, respectively.

NOTE H – COMMITMENT

The Ministry is party to a revolving line of credit with a bank totaling up to \$1,000,000 as of December 31, 2016. Interest payments at the one-month LIBOR plus 2.75% per annum are due monthly on any outstanding amounts, subject to various financial and other covenants as described in the loan documents. The line is secured by all of the Ministry’s inventories and equipment and matures October 2017. No amounts were outstanding under the line of credit as of December 31, 2016.

Supplemental Consolidating Statements

LIGONIER MINISTRIES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (Unaudited)
December 31, 2016

	ASSETS			
	Ligonier Ministries	Ligonier Academy	Eliminations	Consolidated Total
ASSETS				
Cash and cash equivalents	\$ 1,695,420	\$ 32,573	\$ —	\$ 1,727,993
Cash restricted for long-term purposes	3,348,526	—	—	3,348,526
Due from affiliate	3,410,892	—	(3,410,892)	—
Inventories	1,984,718	—	—	1,984,718
Other assets	1,063,154	22,270	—	1,085,424
Property and equipment, net	18,069,838	—	—	18,069,838
Total assets	\$ 29,572,548	\$ 54,843	\$ (3,410,892)	\$ 26,216,499
	LIABILITIES AND NET ASSETS			
LIABILITIES				
Accounts payable and accrued expenses	\$ 1,873,937	\$ 113,708	\$ —	\$ 1,987,645
Due to affiliate	—	3,410,892	(3,410,892)	—
Deferred revenue	1,551,688	1,800	—	1,553,488
Notes payable	4,792,737	—	—	4,792,737
Total liabilities	8,218,362	3,526,400	(3,410,892)	8,333,870
NET ASSETS				
Unrestricted	18,039,765	(3,771,557)	—	14,268,208
Temporarily restricted	3,304,421	—	—	3,304,421
Permanently restricted	10,000	300,000	—	310,000
Total net assets	21,354,186	(3,471,557)	—	17,882,629
Total liabilities and net assets	\$ 29,572,548	\$ 54,843	\$ (3,410,892)	\$ 26,216,499

See The Accompanying Report of Independent Auditor

LIGONIER MINISTRIES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES (Unaudited)
For The Year Ended December 31, 2016

	Ligonier Ministries	Ligonier Academy	Eliminations	Consolidated Total
CHANGE IN UNRESTRICTED NET ASSETS				
Public support and revenue				
Contributions	\$ 16,790,385	\$ 810,000	\$ —	\$ 17,600,385
Ministry media revenue	4,500,426	—	—	4,500,426
Tuition and fees, net	551,444	483,600	—	1,035,044
Conference registrations	749,869	17,927	—	767,796
Other revenue	<u>213,301</u>	<u>1,975</u>	<u>—</u>	<u>215,276</u>
Total public support and revenue	22,805,425	1,313,502	—	24,118,927
Net assets released from restrictions				
Satisfaction of use restrictions	<u>2,226,962</u>	<u>—</u>	<u>—</u>	<u>2,226,962</u>
Total public support and revenue and net assets released from restrictions	<u>25,032,387</u>	<u>1,313,502</u>	<u>—</u>	<u>26,345,889</u>
Expenses				
Program activities				
Ministry activities	15,019,715	1,856,300	—	16,876,015
Cost of ministry media and donor fulfillment	<u>1,568,146</u>	<u>—</u>	<u>—</u>	<u>1,568,146</u>
Total program activities	<u>16,587,861</u>	<u>1,856,300</u>	<u>—</u>	<u>18,444,161</u>
Supporting activities				
Development	4,001,399	67,862	—	4,069,261
General and administrative	<u>2,686,060</u>	<u>396,169</u>	<u>—</u>	<u>3,082,229</u>
Total supporting activities	<u>6,687,459</u>	<u>464,031</u>	<u>—</u>	<u>7,151,490</u>
Total expenses	<u>23,275,320</u>	<u>2,320,331</u>	<u>—</u>	<u>25,595,651</u>
Change in unrestricted net assets	<u>1,757,067</u>	<u>(1,006,829)</u>	<u>—</u>	<u>750,238</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS				
Contributions	1,995,628	—	—	1,995,628
Net assets released from restrictions	<u>(2,226,962)</u>	<u>—</u>	<u>—</u>	<u>(2,226,962)</u>
Change in temporarily restricted net assets	<u>(231,334)</u>	<u>—</u>	<u>—</u>	<u>(231,334)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS				
Contributions	<u>—</u>	<u>200,000</u>	<u>—</u>	<u>200,000</u>
Change in permanently restricted net assets	<u>—</u>	<u>200,000</u>	<u>—</u>	<u>200,000</u>
CHANGE IN NET ASSETS	1,525,733	(806,829)	—	718,904
NET ASSETS - Beginning of year	<u>19,828,453</u>	<u>(2,664,728)</u>	<u>—</u>	<u>17,163,725</u>
NET ASSETS - End of year	<u>\$ 21,354,186</u>	<u>\$ (3,471,557)</u>	<u>\$ —</u>	<u>\$ 17,882,629</u>

See The Accompanying Report of Independent Auditor

LIGONIER MINISTRIES, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS (Unaudited)
For The Year Ended December 31, 2016

	Ligonier Ministries	Ligonier Academy	Eliminations	Consolidated Total
OPERATING CASH FLOWS				
Cash received from contributors	\$ 17,104,999	\$ 810,000	\$ —	\$ 17,914,999
Cash received from sales of ministry media	4,563,628	—	—	4,563,628
Cash received from student tuition and conferences	1,613,354	505,302	—	2,118,656
Other revenue received	215,276	—	—	215,276
Cash paid for operating activities and costs	(23,396,944)	(1,488,728)	—	(24,885,672)
Interest paid	(209,072)	—	—	(209,072)
Net operating cash flows	(108,759)	(173,426)	—	(282,185)
INVESTING CASH FLOWS				
Net investment in assets held for long-term purposes	(70,273)	—	—	(70,273)
Purchases of and improvements to property and equipment	(2,088,047)	—	—	(2,088,047)
Net investing cash flows	(2,158,320)	—	—	(2,158,320)
FINANCING CASH FLOWS				
Proceeds from contributions restricted for investment in property and equipment and endowment	1,681,014	200,000	—	1,881,014
Repayments	(491,089)	—	—	(491,089)
Net financing cash flows	1,189,925	200,000	—	1,389,925
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,077,154)	26,574	—	(1,050,580)
CASH AND CASH EQUIVALENTS - Beginning of year	2,772,574	5,999	—	2,778,573
CASH AND CASH EQUIVALENTS - End of year	\$ 1,695,420	\$ 32,573	\$ —	\$ 1,727,993
RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS				
Change in net assets	\$ 1,525,733	\$ (806,829)	\$ —	\$ 718,904
Adjustments to reconcile change in net assets to net operating cash flows				
Contributions restricted for investment in property and equipment and endowment	(1,681,014)	(200,000)	—	(1,881,014)
Depreciation and amortization	880,215	—	—	880,215
Change in due from / due to affiliate	(821,299)	821,299	—	—
Change in inventories	(287,152)	—	—	(287,152)
Change in other assets	15,869	23,344	—	39,213
Change in accounts payable and accrued expenses	(118,329)	(13,040)	—	(131,369)
Change in deferred revenue	377,218	1,800	—	379,018
Net operating cash flows	\$ (108,759)	\$ (173,426)	\$ —	\$ (282,185)

See The Accompanying Report of Independent Auditor