



# CROWN FINANCIAL MINISTRIES

**CROWN FINANCIAL MINISTRIES, INC.**

CONSOLIDATED FINANCIAL STATEMENTS  
With Independent Auditors' Report

March 31, 2009 and 2008

# CROWN FINANCIAL MINISTRIES, INC.

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Crown Financial Ministries, Inc.  
Gainesville, Georgia

We have audited the accompanying statements of financial position of Crown Financial Ministries, Inc. as of March 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization'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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 statements' 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 Crown Financial Ministries, Inc. as of March 31, 2009 and 2008, the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

*Capin Crouse LLP*

Atlanta, Georgia  
July 1, 2009

# CROWN FINANCIAL MINISTRIES, INC.

## Statements of Financial Position

	March 31,	
	2009	2008
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 3,423,743	\$ 5,592,994
Accounts receivable–net	148,674	357,171
Inventory	457,304	500,378
Certificates of deposit	635,421	1,018,804
Prepaid expenses and other assets	350,967	303,697
Product development costs	605,099	109,468
Property and equipment–net	2,437,375	1,663,286
Intangible assets–licensing agreement	1,045,618	1,078,551
	<b>\$ 9,104,201</b>	<b>\$ 10,624,349</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 524,360	\$ 790,553
Accrued expenses	582,155	599,371
Promise to give payable	-	50,000
Licensing agreement liability	1,151,773	1,192,333
Deferred conference revenue	71,656	52,172
Promissory note	55,000	110,000
Deferred compensation agreement	153,953	160,341
	<b>2,538,897</b>	<b>2,954,770</b>
Net assets:		
Unrestricted	4,931,913	5,149,951
Temporarily restricted	1,633,391	2,519,628
	<b>6,565,304</b>	<b>7,669,579</b>
	<b>\$ 9,104,201</b>	<b>\$ 10,624,349</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,104,201</b>	<b>\$ 10,624,349</b>

See notes to financial statements

# CROWN FINANCIAL MINISTRIES, INC.

## Statements of Activities

	Year Ended March 31,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Public support:						
Contributions—cash	\$ 7,042,626	\$ 6,020,143	\$ 13,062,769	\$ 8,065,345	\$ 7,448,918	\$ 15,514,263
Contributed radio airtime	16,564,564	-	16,564,564	17,391,966	-	17,391,966
Contributed services	1,501,734	-	1,501,734	1,727,053	-	1,727,053
Contributed securities and materials	98,988	-	98,988	437,217	-	437,217
	25,207,912	6,020,143	31,228,055	27,621,581	7,448,918	35,070,499
Revenue:						
Sale of materials—net	4,273,440	-	4,273,440	5,435,257	-	5,435,257
Fees	522,811	-	522,811	684,811	-	684,811
Investment income	101,409	-	101,409	193,608	-	193,608
Royalties, rental, and other income	392,206	-	392,206	437,551	-	437,551
	5,289,866	-	5,289,866	6,751,227	-	6,751,227
<b>Total Support and Revenue</b>	<b>30,497,778</b>	<b>6,020,143</b>	<b>36,517,921</b>	<b>34,372,808</b>	<b>7,448,918</b>	<b>41,821,726</b>
<b>RECLASSIFICATIONS:</b>						
Net assets released from restriction by satisfaction of:						
Administrative assessment	-	-	-	38,051	(38,051)	-
Purpose restriction	6,906,380	(6,906,380)	-	7,094,815	(7,094,815)	-
	6,906,380	(6,906,380)	-	7,132,866	(7,132,866)	-

(continued)

See notes to financial statements

## CROWN FINANCIAL MINISTRIES, INC.

### Statements of Activities (continued)

	Year Ended March 31,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES:						
Program services:						
Broadcasting	18,343,501	-	18,343,501	19,930,348	-	19,930,348
National ministries	9,941,540	-	9,941,540	12,679,582	-	12,679,582
International operations	3,292,571	-	3,292,571	2,832,390	-	2,832,390
	31,577,612	-	31,577,612	35,442,320	-	35,442,320
Supporting activities:						
General and administrative	4,383,185	-	4,383,185	3,764,775	-	3,764,775
Fund-raising	1,661,399	-	1,661,399	1,879,627	-	1,879,627
	6,044,584	-	6,044,584	5,644,402	-	5,644,402
Total Expenses	37,622,196	-	37,622,196	41,086,722	-	41,086,722
Change in Net Assets	(218,038)	(886,237)	(1,104,275)	418,952	316,052	735,004
Net Assets, Beginning of Year	5,149,951	2,519,628	7,669,579	4,730,999	2,203,576	6,934,575
Net Assets, End of Year	\$ 4,931,913	\$ 1,633,391	\$ 6,565,304	\$ 5,149,951	\$ 2,519,628	\$ 7,669,579

See notes to financial statements

# CROWN FINANCIAL MINISTRIES, INC.

## Statements of Cash Flows

	Year Ended March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (1,104,275)	\$ 735,004
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	238,940	187,249
Amortization:		
Intangible asset–licensing agreement	32,933	32,933
Licensing agreement liability	(40,560)	10,347
Product development costs	77,152	88,334
Net realized and unrealized gains on investments	(44,580)	(18,804)
Provision for inventory obsolescence	(11,973)	10,822
Loss on sale of property and equipment	89	3,722
Changes in operating assets and liabilities:		
Accounts receivable	208,497	(213,957)
Inventory	55,047	61,196
Prepaid expenses	(47,270)	34,647
Accounts payable	(266,193)	243,245
Accrued expenses	(17,216)	(154,202)
Promise to give payable	(50,000)	-
Deferred conference revenue	19,484	38,382
Deferred compensation	(6,388)	21,855
Operating cash flows before donated securities and materials	(956,313)	1,080,773
Donated securities and materials reported as investing cash flows	(74,799)	(426,983)
Net Cash (Used) Provided by Operating Activities	(1,031,112)	653,790

(continued)

See notes to financial statements

# CROWN FINANCIAL MINISTRIES, INC.

## Statements of Cash Flows (continued)

	Year Ended March 31,	
	2009	2008
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(729,687)	(898,212)
Proceeds from sale of investments	1,157,650	908,219
Purchases of property and equipment	(254,985)	(383,891)
Purchases of software development-in process	(758,133)	-
Payments for product development costs	(572,783)	-
Investing cash flows before donated securities and materials	(1,157,938)	(373,884)
Proceeds from sale of donated securities and materials	74,799	426,983
	<u>(1,083,139)</u>	<u>53,099</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on promissory note	(55,000)	-
	<u>(55,000)</u>	<u>-</u>
Net Cash Used by Financing Activities		
	<u>(55,000)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	(2,169,251)	706,889
Cash and Cash Equivalents, Beginning of Year	5,592,994	4,886,105
	<u>5,592,994</u>	<u>4,886,105</u>
Cash and Cash Equivalents of Continuing Operations, End of Year	<u>\$ 3,423,743</u>	<u>\$ 5,592,994</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Noncash investing activities:		
Issuance of Promissory note	\$ -	\$ 110,000
	<u>\$ -</u>	<u>\$ 110,000</u>

See notes to financial statements

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

1. NATURE OF ORGANIZATION:

Christian Financial Concepts, Inc. was incorporated on May 6, 1976, in the State of Georgia for religious, educational, and charitable purposes.

Crown Ministries, Inc. was founded on September 20, 1985, in Orlando, Florida to teach the public Christian principles of managing money and possessions.

As of October 1, 2000, Christian Financial Concepts, Inc. and Crown Ministries, Inc. merged to form Crown Financial Ministries, Inc. (Crown), which was accounted for under the pooling-of-interests method. Crown is exempt from federal and state income tax under Internal Revenue Code Section 501(c)(3) and is not a private foundation under Section 509(a)(2). The philosophy of this ministry is to teach people God's financial principles in order to know Christ more intimately and be free to serve Him. The vision of this ministry is to see the followers of Christ in every nation faithfully living by God's financial principles in every area of their lives. Crown's mission is to equip people worldwide to learn, apply, and teach God's financial principles so they may know Christ more intimately, be free to serve Him, and help fund the Great Commission. Crown accomplishes its objectives through primary activities as more fully described below:

Broadcasting—Across the U.S. and internationally on a network of over 2,000 radio stations and outlets and through the internet, Crown's programs teach God's financial principles to millions of people.

National Ministries—Regionally based teams in North America work with community, parachurch ministries and church teams, assisting them to implement small group studies, Money Map Coach training, and other Crown teaching resources.

Seminars—Trained seminar instructors teach financial and business seminars to churches and other interested organizations. Individuals are taught stewardship, personal business, financial, and other biblical principles. Crown has a team of over 100 seminar instructors who teach hundreds of seminars each year in the U.S.

Coaching—Crown's Money Map Coaches minister to the needs of broadcast listeners, small group and church attendees, and online constituents in the U.S.

International Expansion—Spanning cultural and language barriers in the U.S. and abroad, Crown works alongside other ministries and denominations in many cases to expand reach and ministers to all who desire to become free to serve by learning and living by biblical principles. Continental staff relies on national team leaders to introduce Crown's teachings across spheres of influence outside the U.S.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in checking, savings, and short-term money market accounts. Investments in certificates of deposits are carried as investments. These accounts may, at times, exceed federally insured limits. Crown has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### ACCOUNTS RECEIVABLE—NET

Accounts receivable includes billings for products sold to customers and are reported net of any anticipated losses due to uncollectible accounts. The policy for determining when receivables are past due or delinquent is 30 days after invoicing. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts are uncollectible. Payments received from nonaccrual receivables are credited to appropriate receivable accounts.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions. An allowance for uncollectible accounts has been provided for in the amounts of \$5,246 and \$4,909 as of March 31, 2009 and 2008, respectively.

#### INVENTORY

Inventory consists of books, videos, tapes, software, and other training materials held for sale and is stated at aggregate weighted average cost, which approximates the lower of cost (first-in, first-out method) or market. Cost of goods sold for the years ended March 31, 2009 and 2008, was \$1,790,847 and \$2,269,701, respectively, including shipping and handling costs.

#### CERTIFICATES OF DEPOSIT

Investments in certificates of deposit are held until maturity and are recorded at cost plus interest earned.

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PRODUCT DEVELOPMENT COSTS

Crown, as a part of its product development, can incur substantial costs which Crown capitalizes as product development costs which includes external direct costs of materials and services, payroll and payroll-related costs for those employees participating in the projects, and allocable indirect costs. Upon the release of the product to the general public, the costs for these products are amortized over the projected economic life based upon estimates of units to be sold and/or distributed.

#### PROPERTY, EQUIPMENT, AND DEPRECIATION

Items capitalized as property and equipment are recorded at cost or, if donated, at fair market value on the date of the gift. Purchases and donations of equipment in excess of \$3,000 are capitalized if the expected useful life exceeds one year. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, expirations of donor restrictions are reported when the donated or acquired assets are placed in service as instructed by the donor.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets ranging from five to thirty years.

#### INTANGIBLE ASSET-LICENSING AGREEMENT

Crown owns certain rights to intellectual properties. The fair value of these rights has been determined by an actuary and has been recorded as an asset on the statements of financial position. In accordance with Statements of Financial Accounting Standard No. 142, *Goodwill and Intangible Assets* (SFAS 142), this asset is being amortized over an estimated useful life of 40 years.

#### FUND ACCOUNTING AND CLASSES OF NET ASSETS

The financial statements report amounts by class of net assets:

- *Unrestricted net assets* are currently available for ministry purposes under the direction of the board, resources invested in intangible assets, designated by the board for specific use, resources invested in property and equipment, or the balances of field staff accounts associated with unrestricted revenues.
- *Temporarily restricted net assets* are currently contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled. Reclassifications are made when the restrictions have been fulfilled.

#### RECLASSIFICATION

Certain information from the prior year financial statements has been reclassified to conform to the current year presentation format.

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PUBLIC SUPPORT, REVENUE, RECLASSIFICATIONS, AND EXPENSES

Revenue is recognized when earned. Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred. Related costs are expensed in the year incurred.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributed services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of property and equipment) or for those that require specialized skills (as contributions and expenses). Because various personnel donate their time and services to Crown, contributed services were valued at \$1,501,734 and \$1,727,053 for the years ended March 31, 2009 and 2008, respectively. Donated investments are recorded at the estimated fair market value on the date of the gift.

Broadcast ministry is conducted by placing programs on radio stations either by paying a fee for the airtime or by receiving donated airtime from the stations. The value of the donated airtime is estimated based on fair market rates (considering market size, day, time, and length of program) for each location and is recorded as revenue and expense when received.

Indications of intent to support are received from individuals and churches that provide monthly, quarterly, or annual gifts of a specified amount. These indications of intent are open-ended and subject to unilateral change by the donor. They are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

Reclassifications occur when a purpose restriction is satisfied by expenditure of funds, when a restriction is met by expiration of time, or when an administrative assessment is charged to offset general operating costs of administering the restricted programs' activities. A 13% administrative assessment is made on all temporarily restricted gifts, except for field support contributions, amounting to \$38,051 for the year ended March 31, 2008. For the year ending March 31, 2009, Crown discontinued the administrative assessment on temporarily restricted gifts.

Advertising is used to promote programs among the audiences served. Advertising costs are expensed when incurred. Total advertising expense for the years ended March 31, 2009, and 2008 was \$136,610 and \$366,005, respectively.

Expenses are recorded and reported on the functional (ministry) basis in the statements of activities. Accordingly, the expenses have been allocated among the various program services and supporting activities benefited.

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**JOINT ACTIVITIES**

Crown conducts joint activities that include fund-raising and other functions. These activities include the cost of field representatives and informational materials.

Field representatives conduct group studies, seminars, budget counselor training, recruitment, and supervision of volunteers as well as development of prayer and financial support for their ministry. Costs associated with recruitment of volunteers and development of financial support are recorded as fund-raising expenses. Costs associated with supervision of volunteers is recorded as general and administrative.

Costs of informational materials include the costs to produce and distribute Crown's monthly newsletter, *Money Matters*, and any other informational materials.

Joint costs were incurred as follows:

	Year Ended March 31, 2009			
	Supporting Activities			Total
	Program Services	General and Administrative	Fund-raising	
Personnel costs of field representatives	\$ 4,130,260	\$ 430,582	\$ 196,974	\$ 4,757,816
Costs of informational activities	176,403	18,390	8,413	203,206
	\$ 4,306,663	\$ 448,972	\$ 205,387	\$ 4,961,022

	Year Ended March 31, 2008			
	Supporting Activities			Total
	Program Services	General and Administrative	Fund-raising	
Personnel costs of field representatives	\$ 4,755,723	\$ 495,787	\$ 226,802	\$ 5,478,312
Costs of informational activities	313,992	32,734	14,974	361,700
	\$ 5,069,715	\$ 528,521	\$ 241,776	\$ 5,840,012

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

3. PRODUCT DEVELOPMENT COSTS:

Product development costs consist of:

	March 31,	
	2009	2008
Career Direct	\$ 179,475	\$ 179,475
Family Wise	100,000	100,000
God Provides—short films	572,606	-
	852,081	279,475
Less accumulated depreciation	(246,982)	(170,007)
	\$ 605,099	\$ 109,468

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consists of:

	March 31,	
	2009	2008
Land	\$ 416,000	\$ 416,000
Land improvements	14,808	14,808
Building and improvements	1,636,115	1,871,070
Furniture, fixtures, and equipment	1,358,842	887,748
Vehicles	45,345	45,345
Software development costs—in process	758,133	-
	4,229,243	3,234,971
Less accumulated depreciation	(1,791,868)	(1,571,685)
	\$ 2,437,375	\$ 1,663,286

Depreciation expense for the years ended March 31, 2009 and 2008, was \$238,940 and \$187,249, respectively.

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

5. INTANGIBLE ASSET-LICENSING AGREEMENT:

As described in Note 6, Crown owns certain rights to intellectual properties. The fair value of these rights was determined to be \$1,317,314 and has been recorded as an asset on the statements of financial position. In accordance with SFAS 142, this asset is being amortized over an estimated useful life of 40 years.

The estimated gross fair value and related accumulated amortization are as follows:

	March 31,	
	2009	2008
Estimated gross fair value of intellectual property rights	\$ 1,317,314	\$ 1,317,314
Accumulated amortization	(271,696)	(238,763)
	<u>\$ 1,045,618</u>	<u>\$ 1,078,551</u>

6. LICENSING AGREEMENT LIABILITY:

In October 1997, Christian Financial Concepts, Inc. entered into an agreement to purchase rights to intellectual properties from its founder and former president. In October of 2000, following the merger of Christian Financial Concepts, Inc. and Crown Ministries, Inc., the Board of Directors of the merged organization of Crown Financial Ministries, Inc. endorsed the agreement. These rights include the revocable rights to purchase, use, and modify all copyrighted materials produced by the founder. Crown will also have the right to use the Burkett name as part of the continuing ministry. In exchange for these rights, Crown provides an annual payment of \$75,000 along with certain medical benefits (both indexed to inflation) to the co-founder's surviving spouse. The monthly value of the medical benefits has been estimated to be \$171. The present value of these benefits was estimated to be \$1,151,773 and \$1,192,333 at March 31, 2009 and 2008, respectively. Assumptions used in the calculation of this liability include a discount rate of 6% (using the 1994 Group Annuity Mortality tables), an assumed annual cost of living increase for medical benefits of 7.5%, and an assumed annual cost of living increase for expenses other than medical of 2%.

7. PROMISSORY NOTE:

A \$110,000 promissory note is payable to an individual for the purchase of a trademark name. The note bears a 0% interest rate. The first installment of \$27,500 is due immediately upon transfer of the trademark rights and the transfer of the control over the registrations of the domain names. The remaining installments of \$27,500 are due January 15, 2010 and 2011, respectively.

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

8. DEFERRED COMPENSATION AGREEMENT:

Crown entered into a deferred compensation agreement with its CEO in 2000 since he receives no compensation for his services. Crown will provide certain medical benefits to him and his wife as well as a car and a mobile phone allowance for the remainder of his life. The estimates for the monthly benefits are: medical benefits – \$700, car allowance – \$250, and mobile phone allowance – \$90. The present value of these benefits was estimated to be \$154,003 and \$160,341 at March 31, 2009 and 2008, respectively. Assumptions used in the calculation of this liability include a discount rate of 6% (using the 1983 Group Annuity Mortality tables), an assumed annual cost of living increase for medical benefits of 7.5%, and an assumed annual cost of living increase for expenses other than medical of 2%.

9. NET ASSETS:

Net assets consist of:

	March 31,	
	2009	2008
Unrestricted:		
Undesignated	\$ 2,139,416	\$ 2,799,789
Board designated for capital improvements	60,190	68,541
Net equity in property and equipment	2,437,375	1,663,286
Field staff accounts	294,932	618,335
	<u>4,931,913</u>	<u>5,149,951</u>
Temporarily restricted:		
Field operations	1,411,763	1,510,937
International	76,706	750,150
Other	144,922	258,541
	<u>1,633,391</u>	<u>2,519,628</u>
	<u>\$ 6,565,304</u>	<u>\$ 7,669,579</u>

10. EMPLOYEE BENEFIT PLANS:

**TAX-SHELTERED ANNUITY PLAN**

Crown provides a 403(b) tax-sheltered annuity plan for all employees who meet certain eligibility requirements. Eligible employees can contribute up to the maximum allowed each year by federal regulations. Beginning January 1, 2006, Crown matches 60% of employee contributions, up to a maximum of 6% of compensation deferred into the plan. For employees hired prior to January 1, 2006, employer contributions into the plan are 100% vested. Employees hired post-January 1, 2006, vest based upon a tiered schedule over five years. Total employer contributions for the years ended March 31, 2009 and 2008, were \$184,623 and \$187,451, respectively.

# CROWN FINANCIAL MINISTRIES, INC.

## Notes to Financial Statements

March 31, 2009 and 2008

### 11. COMMITMENTS:

#### LEASE COMMITMENTS

Crown is committed under lease agreements for various equipment and facilities. In most cases, management expects that, in the normal course of business, leases will be renewed or replaced by other leases. Total rental and lease payments for the years ended March 31, 2009 and 2008, were \$109,324 and \$90,637, respectively.

Future minimum payments under noncancellable operating leases are as follows:

<u>Years Ending March 31,</u>	<u>Amounts</u>
2010	\$ 22,832
2011	22,832
2012	22,832
Thereafter	<u>19,027</u>
	<u>\$ 87,523</u>

#### OTHER COMMITMENTS

As part of its ministry, Crown holds events for donors, staff, and other constituents to learn more about its mission and vision. As of March 31, 2009, Crown has entered into commitments approximating \$207,850.

### 12. RECENT DEVELOPMENTS:

In December 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. FSP FIN 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48 (Interpretation 48), *Accounting for Uncertainty in Income Taxes*, to its annual financial statements for fiscal years beginning after December 15, 2008. Crown has elected to defer the application of Interpretation 48 for the year ending December 31, 2008. Crown evaluates its uncertain tax positions using the provisions of FASB Statement 5, *Accounting for Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

## **SUPPLEMENTARY DATA**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTARY DATA**

Board of Directors  
Crown Financial Ministries, Inc.  
Gainesville, Georgia

Our report on our audits of the financial statements of Crown Financial Ministries, Inc. as of and for the years ended March 31, 2009 and 2008, appears on page 1. The audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The following supplemental information as of and for the years ended March 31, 2009 and 2008, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Capin Crouse LLP*

Atlanta, Georgia  
July 1, 2009

# CROWN FINANCIAL MINISTRIES, INC.

## Schedule of Functional Expenses

Year Ended March 31, 2009

	Program Services			Supporting Activities				
	Broadcasting	National Ministries	International Operations	Total Program Services	General and Administrative	Fund-raising	Total Supporting Activities	Total Expenses
Advertising and promotions	\$ 14,570	\$ 90,753	\$ 6,680	\$ 112,003	\$ 3,120	\$ 21,487	\$ 24,607	\$ 136,610
Broadcasting	17,520,301	-	-	17,520,301	-	-	-	17,520,301
Conferences, conventions, and meetings	1,674	219,674	21,977	243,325	65,641	225,587	291,228	534,553
Cost of goods sold	-	1,974,898	2,754	1,977,652	-	504	504	1,978,156
Depreciation and amortization	-	140,004	13,906	153,910	183,656	11,459	195,115	349,025
General insurance	33,388	325	790	34,503	52,321	-	52,321	86,824
Grants paid	-	67,898	2,268,134	2,336,032	-	-	-	2,336,032
Other employee benefits paid	92,194	221,171	65,773	379,138	233,936	42,272	276,208	655,346
Other expenses	-	34,942	1,733	36,675	30,542	4,547	35,089	71,764
Other personnel expenses	-	1,303,655	-	1,303,655	135,907	62,172	198,079	1,501,734
Outside and professional services	375,320	399,969	45,207	820,496	653,732	86,316	740,048	1,560,544
Payroll taxes	12,618	306,269	30,353	349,240	215,137	58,999	274,136	623,376
Postage and shipping	4,029	64,245	5,327	73,601	8,198	91,134	99,332	172,933
Printing/Publications	2,636	76,303	1,408	80,347	9,029	84,258	93,287	173,634
Product development	-	4,865	21,034	25,899	-	-	-	25,899
Information technology	-	57,000	11,258	68,258	33,618	7,578	41,196	109,454
Salaries and wages	275,085	4,072,506	638,539	4,986,130	2,488,539	879,921	3,368,460	8,354,590
Supplies	2,933	83,423	14,719	101,075	30,451	9,817	40,268	141,343
Taxes and licenses	-	199	-	199	5,129	-	5,129	5,328
Travel	-	566,260	115,573	681,833	42,508	51,369	93,877	775,710
Utilities and occupancy	8,753	257,181	27,406	293,340	191,721	23,979	215,700	509,040
<b>Totals</b>	<b>\$18,343,501</b>	<b>\$9,941,540</b>	<b>\$3,292,571</b>	<b>\$ 31,577,612</b>	<b>\$ 4,383,185</b>	<b>\$1,661,399</b>	<b>\$6,044,584</b>	<b>\$ 37,622,196</b>

# CROWN FINANCIAL MINISTRIES, INC.

## Schedule of Functional Expenses

Year Ended March 31, 2008

	Program Services			Supporting Activities				Total Expenses
	Broadcasting	National Ministries	International Operations	Total Program Services	General and Administrative	Fund-raising	Total Supporting Activities	
Advertising and promotions	\$ 28,934	\$ 295,329	\$ 8,616	\$ 332,879	\$ 3,811	\$ 29,315	\$ 33,126	\$ 366,005
Broadcasting	18,810,067	-	-	18,810,067	-	-	-	18,810,067
Conferences, conventions, and meetings	17,431	484,929	22,578	524,938	64,442	289,598	354,040	878,978
Cost of goods sold	-	2,529,096	7,941	2,537,037	-	101	101	2,537,138
Depreciation and amortization	14,218	68,202	8,153	90,573	121,830	7,779	129,609	220,182
General insurance	40,522	6,663	1,313	48,498	39,254	1,563	40,817	89,315
Grants paid	-	23,700	1,627,750	1,651,450	146,095	-	146,095	1,797,545
Other employee benefits paid	47,407	327,688	49,033	424,128	180,256	30,826	211,082	635,210
Other expenses	9,564	25,471	2,127	37,162	21,061	12,368	33,429	70,591
Other personnel expenses	39,471	1,460,618	8,676	1,508,765	164,227	88,691	252,918	1,761,683
Outside and professional services	254,219	690,202	111,066	1,055,487	474,616	229,832	704,448	1,759,935
Payroll taxes	38,817	323,357	20,647	382,821	143,551	34,082	177,633	560,454
Postage and shipping	15,487	215,958	5,235	236,680	18,265	137,430	155,695	392,375
Printing/Publications	1,159	176,245	22,782	200,186	15,859	235,172	251,031	451,217
Product development	-	20,544	214,790	235,334	26,137	-	26,137	261,471
Professional fund-raising fees	-	-	-	-	-	184,599	184,599	184,599
Salaries and wages	568,256	4,892,456	549,379	6,010,091	2,047,426	551,238	2,598,664	8,608,755
Supplies	2,532	125,420	3,700	131,652	31,845	3,462	35,307	166,959
Taxes and licenses	-	190	99	289	6,173	986	7,159	7,448
Travel	13,509	642,477	137,583	793,569	57,634	29,431	87,065	880,634
Utilities and occupancy	28,755	371,037	30,922	430,714	202,293	13,154	215,447	646,161
<b>Totals</b>	<b>\$ 19,930,348</b>	<b>\$ 12,679,582</b>	<b>\$ 2,832,390</b>	<b>\$ 35,442,320</b>	<b>\$ 3,764,775</b>	<b>\$ 1,879,627</b>	<b>\$ 5,644,402</b>	<b>\$ 41,086,722</b>