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**Consolidated Financial Statements  
(and supplemental material)**

Year Ended December 31, 2008



**BDO Seidman, LLP**  
Accountants and Consultants



**Bethany Christian Services  
(a not-for-profit corporation)**

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**Consolidated Financial Statements  
(and supplemental material)**  
Year Ended December 31, 2008

# Bethany Christian Services (a not-for-profit corporation)

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## Independent Auditors' Report

Board of Directors  
Bethany Christian Services  
Grand Rapids, Michigan

We have audited the accompanying consolidated statement of financial position of Bethany Christian Services and subsidiaries (a not-for-profit corporation) as of December 31, 2008, and the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 consolidated financial statements and, in our report dated March 19, 2008, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bethany Christian Services and subsidiaries as of December 31, 2008, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2009, on our consideration of the Organization's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 13 to the financial statements, the Organization has adopted Statement of Financial Accounting Standard No. 157, *Fair Value Measurements*.

*BDO Seidman, LLP*

Grand Rapids, Michigan  
March 23, 2009



**Consolidated  
Financial Statements**



<i>December 31,</i>	Current Operating	Temporarily Restricted
<b>Assets</b>		
Cash and cash equivalents	\$ 5,075,580	\$ -
Investments (Note 3)	16,802,674	-
Accounts receivable, net of allowance for doubtful accounts of \$153,000 and \$61,000 for 2008 and 2007, respectively	7,234,443	-
Campaign pledges receivable (Note 4)	-	34,299
Prepaid expenses	401,400	-
Due from other funds	-	377,582
<b>Total current assets</b>	<b>29,514,097</b>	<b>411,881</b>
Property and equipment		
Land and land improvements	2,111,058	-
Buildings and improvements	14,187,448	-
Furniture and equipment	4,661,761	-
Vehicles	167,471	-
Construction in progress	267,797	-
	21,395,535	-
Less accumulated depreciation	8,458,069	-
<b>Net property and equipment</b>	<b>12,937,466</b>	<b>-</b>
Other assets		
Campaign pledges receivable, less current portion (Note 4)	-	815
Investment in unconsolidated affiliate (Note 12)	723,687	-
Deposits	103,502	-
<b>Total other assets</b>	<b>827,189</b>	<b>815</b>
<b>Total Assets</b>	<b>\$ 43,278,752</b>	<b>\$ 412,696</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Financial Position

	Totals	
Permanently Restricted	2008	2007
\$ -	\$ 5,075,580	\$ 5,316,418
130,959	16,933,633	25,499,009
-	7,234,443	6,756,537
-	34,299	251,311
-	401,400	335,258
-	377,582	1,108,551
130,959	30,056,937	39,267,084
-	2,111,058	1,630,885
-	14,187,448	13,453,320
-	4,661,761	4,455,225
-	167,471	152,434
-	267,797	384,619
-	21,395,535	20,076,483
-	8,458,069	7,762,959
-	12,937,466	12,313,524
-	815	26,483
-	723,687	754,197
-	103,502	91,382
-	828,004	872,062
\$ 130,959	\$ 43,822,407	\$ 52,452,670

*See accompanying notes to consolidated financial statements.*

<i>December 31,</i>	Current Operating	Temporarily Restricted
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,791,100	\$ -
Employee compensation and benefits	4,352,471	-
Deferred adoption fees	2,866,200	-
Due to other funds	377,582	-
Line of credit (Note 5)	1,529,500	-
Advance on margin line (Note 6)	-	-
Current maturities of long-term notes payable (Note 8)	68,500	-
<b>Total current liabilities</b>	<b>10,985,353</b>	<b>-</b>
Long-term liabilities:		
Long-term notes payable, less current maturities (Note 8)	176,205	-
Annuities payable (Note 7)	397,850	-
Liability for pension benefits (Note 9)	7,857,292	-
<b>Total long-term liabilities</b>	<b>8,431,347</b>	<b>-</b>
<b>Total Liabilities</b>	<b>19,416,700</b>	<b>-</b>
<b>Commitments and Contingencies</b> (Notes 5, 6, 7, 8, 9, 10 and 11)		
<b>Net Assets</b>		
Unrestricted:		
Undesignated	9,595,656	-
Board designated - Children's Fund	14,262,698	-
Gifts for Bethany	3,698	-
Temporarily restricted:		
Building Fund	-	412,696
Permanently restricted		
	-	-
<b>Total Net Assets</b>	<b>23,862,052</b>	<b>412,696</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 43,278,752</b>	<b>\$ 412,696</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Financial Position

	Totals	
Permanently Restricted	2008	2007
\$ -	\$ 1,791,100	\$ 2,149,633
-	4,352,471	3,961,565
-	2,866,200	3,010,978
-	377,582	1,108,551
-	1,529,500	-
-	-	2,106,698
-	68,500	78,671
-	10,985,353	12,416,096
-	176,205	569,747
-	397,850	436,631
-	7,857,292	2,832,389
-	8,431,347	3,838,767
-	19,416,700	16,254,863
-	9,595,656	22,690,882
-	14,262,698	12,011,405
-	3,698	3,698
-	412,696	1,367,238
130,959	130,959	124,584
130,959	24,405,707	36,197,807
\$ 130,959	\$ 43,822,407	\$ 52,452,670

*See accompanying notes to consolidated financial statements.*

<i>Year ended December 31,</i>	Current Operating	Temporarily Restricted
<b>Operating Revenues and Other Support</b>		
Contributions:		
Individual	\$ 4,726,939	\$ 6,052
Churches and affiliated organizations	1,491,792	-
Business and foundations	4,036,215	1,437
Other	1,115,379	-
Child support	33,023,047	-
Service fees	16,970,373	-
Investment income (loss)	1,461,431	-
Realized gain (loss) on investments	(966,048)	-
Unrealized loss on investments	(6,291,261)	-
Miscellaneous income	715,481	-
<b>Total Operating Revenues and Other Support</b>	<b>56,283,348</b>	<b>7,489</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Activities

	Totals	
Permanently Restricted	2008	2007
\$ -	\$ 4,732,991	\$ 5,507,085
-	1,491,792	1,566,129
10,875	4,048,527	4,466,884
-	1,115,379	524,279
-	33,023,047	29,960,884
-	16,970,373	15,870,837
(4,500)	1,456,931	1,550,456
-	(966,048)	386,219
-	(6,291,261)	(2,293,407)
-	715,481	1,553,475
6,375	56,297,212	59,092,841

<i>Year ended December 31,</i>	Current Operating	Temporarily Restricted
<b>Operating Expenses</b>		
Program services:		
Michigan:		
Residential:		
Social services	\$ 409,491	\$ -
Maintenance	1,165,479	-
Foster care:		
Social services	2,932,583	-
Maintenance	2,851,561	-
State adoptions	1,392,991	-
Refugee	1,980,732	-
Other programs	10,244,123	-
Adoptions, foster care and other programs outside of Michigan	32,733,819	-
Foster care:		
Illinois	377,914	-
Philadelphia	1,625,400	-
 Total program services	 55,714,093	 -
Management and general	4,740,452	-
Fundraising	2,437,319	-
<b>Total Operating Expenses</b>	<b>62,891,864</b>	<b>-</b>
Net periodic pension cost	(5,197,448)	-
<b>Total Operating Expenses and Pension Cost</b>	<b>68,089,312</b>	<b>-</b>
<b>Change in Nets Assets From Operating Activities</b>	<b>(11,805,964)</b>	<b>7,489</b>
<b>Nonoperating Expenses</b>		
Net assets released from restrictions	962,031	(962,031)
<b>Changes in Net Assets</b>	<b>\$ (10,843,933)</b>	<b>\$ (954,542)</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Activities

		Totals	
Permanently Restricted	2008	2007	
\$ -	\$ 409,491	\$ 471,104	
-	<b>1,165,479</b>	1,340,831	
-	<b>2,932,583</b>	2,170,055	
-	<b>2,851,561</b>	2,603,027	
-	<b>1,392,991</b>	1,137,237	
-	<b>1,980,732</b>	1,778,150	
-	<b>10,244,123</b>	9,111,894	
-	<b>32,733,819</b>	32,637,966	
-	<b>377,914</b>	749,985	
-	<b>1,625,400</b>	1,598,121	
-	<b>55,714,093</b>	53,598,370	
-	<b>4,740,452</b>	4,347,702	
-	<b>2,437,319</b>	2,337,679	
-	<b>62,891,864</b>	60,283,751	
-	<b>(5,197,448)</b>	-	
-	<b>68,089,312</b>	60,283,751	
6,375	<b>(11,792,100)</b>	(1,190,910)	
-	-	-	
\$ 6,375	<b>\$ (11,792,100)</b>	\$ (1,190,910)	

*See accompanying notes to consolidated financial statements.*

<i>Year ended December 31, 2008</i>	Michigan				
	Residential		Foster Care		Older Child Adoptions
	Social Services	Maintenance	Social Services	Maintenance	
<b>Operating Expenses</b>					
Salaries	\$ 243,933	\$ 694,269	\$ 1,771,267	\$ -	\$ 849,621
Employee benefits	64,926	184,791	377,236	-	217,221
Payroll taxes	18,432	52,461	128,824	-	55,813
Professional fees	1,695	4,823	26,989	-	18,173
Supplies	6,991	19,899	33,345	-	18,109
Telephone	1,720	4,897	21,731	-	8,547
Postage and shipping	246	699	13,080	-	6,384
Occupancy	18,899	53,791	149,728	-	79,066
Outside printing	109	310	9,725	-	6,668
Travel and transportation	5,840	16,623	207,098	-	62,592
Advertising	875	2,490	41,835	-	23,808
Special assistance	22,978	65,400	-	2,851,561	4,093
Overseas contributions	-	-	-	-	-
Miscellaneous	4,404	12,533	110,919	-	33,340
Depreciation	18,443	52,493	40,806	-	9,556
<b>Total Operating Expenses</b>	<b>\$ 409,491</b>	<b>\$ 1,165,479</b>	<b>\$ 2,932,583</b>	<b>\$ 2,851,561</b>	<b>\$ 1,392,991</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Functional Expenses

	Refugee	Other Programs	Adoptions, Foster Care and Other Programs	Foster Care		Management and General	Fundraising	Total
			Outside of Michigan	Illinois	Philadelphia			
\$ 446,765	\$ 5,466,623	\$ 14,834,045	\$ 118,247	\$ 583,296	\$ 2,311,947	\$ 664,867	\$27,984,880	
115,188	1,186,895	3,358,735	37,224	146,836	488,633	146,246	6,323,931	
32,267	401,903	1,108,115	9,213	48,443	166,740	55,776	2,077,987	
48,285	330,311	1,279,308	72,379	11,335	360,098	150,979	2,304,375	
4,271	125,101	304,354	2,092	9,137	17,726	16,229	557,254	
3,849	80,895	513,226	3,845	11,842	43,074	12,208	705,834	
4,850	40,170	440,574	2,009	5,007	51,105	82,465	646,589	
22,812	430,502	2,154,786	9,757	99,165	152,637	55,816	3,226,959	
2,925	84,382	437,984	53	3,403	39,761	187,645	772,965	
58,916	432,730	1,403,873	5,435	28,445	149,754	50,301	2,421,607	
20,753	217,935	1,107,788	-	13,622	20,533	3,108	1,452,747	
1,187,836	786,431	2,986,703	93,687	595,615	5,900	1,025	8,601,229	
-	-	852,843	-	-	-	-	852,843	
30,047	557,334	1,714,751	20,578	65,862	667,680	991,597	4,209,045	
1,968	102,911	236,734	3,395	3,392	264,864	19,057	753,619	
<b>\$ 1,980,732</b>	<b>\$ 10,244,123</b>	<b>\$ 32,733,819</b>	<b>\$ 377,914</b>	<b>\$ 1,625,400</b>	<b>\$ 4,740,452</b>	<b>\$ 2,437,319</b>	<b>\$ 62,891,864</b>	

*See accompanying notes to consolidated financial statements.*

<i>Year ended December 31, 2007</i>	Michigan				
	Residential		Foster Care		Older Child Adoptions
	Social Services	Maintenance	Social Services	Maintenance	
<b>Operating Expenses</b>					
Salaries	\$ 277,938	\$ 791,054	\$ 1,298,245	\$ -	\$ 709,243
Employee benefits	80,681	229,630	336,956	-	182,566
Payroll taxes	20,581	58,578	96,570	-	52,054
Professional fees	1,583	4,502	11,313	-	9,145
Supplies	6,209	17,673	22,667	-	14,106
Telephone	3,507	9,983	16,566	-	7,204
Postage and shipping	237	675	9,326	-	4,638
Occupancy	22,171	63,101	95,566	-	58,158
Outside printing	136	387	6,623	-	3,291
Travel and transportation	7,061	20,095	168,005	-	38,429
Advertising	-	-	27,138	-	15,650
Special assistance	23,049	65,601	-	2,603,027	10,337
Overseas contributions	-	-	-	-	-
Miscellaneous	7,396	21,052	47,674	-	20,910
Depreciation	20,555	58,500	33,406	-	11,506
<b>Total Operating Expenses</b>	<b>\$ 471,104</b>	<b>\$ 1,340,831</b>	<b>\$ 2,170,055</b>	<b>\$ 2,603,027</b>	<b>\$ 1,137,237</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Functional Expenses

	Refugee	Other Programs	Adoptions, Foster Care and Other Programs Outside of Michigan	Foster Care		Management and General	Fundraising	Total
				Illinois	Philadelphia			
\$	406,898	\$ 4,922,759	\$ 14,509,907	\$ 317,966	\$ 547,148	\$ 1,995,456	\$ 811,167	\$26,587,781
	134,351	1,087,962	3,344,413	82,972	150,197	449,147	189,305	6,268,180
	29,838	356,515	1,090,152	24,186	41,810	144,981	60,999	1,976,264
	42,155	287,740	1,258,797	19,053	6,773	241,768	70,960	1,953,789
	1,590	115,714	317,603	5,491	6,518	14,977	9,905	532,453
	3,791	71,991	484,423	7,979	12,239	42,419	10,694	670,796
	4,927	40,731	460,890	4,481	4,970	66,371	59,617	656,863
	14,124	394,240	2,032,442	22,929	93,805	160,568	54,532	3,011,636
	1,331	71,640	457,323	307	1,542	46,564	135,633	724,777
	53,993	402,368	1,297,123	15,808	29,332	129,636	35,058	2,196,908
	11,892	176,576	1,707,074	535	15,148	30,434	9,600	1,994,047
	1,041,846	621,582	3,155,244	197,739	635,576	68	38	8,354,107
	-	-	702,389	-	-	-	-	702,389
	27,566	460,583	1,620,285	45,648	49,671	736,523	867,681	3,904,989
	3,848	101,493	199,901	4,891	3,392	288,790	22,490	748,772
<b>\$</b>	<b>1,778,150</b>	<b>\$ 9,111,894</b>	<b>\$ 32,637,966</b>	<b>\$ 749,985</b>	<b>\$ 1,598,121</b>	<b>\$ 4,347,702</b>	<b>\$ 2,337,679</b>	<b>\$60,283,751</b>

*See accompanying notes to consolidated financial statements.*

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Changes in Net Assets

	Current Operating	Temporarily Restricted	Permanently Restricted	Total
<b>Balance, January 1, 2007</b>	\$ 31,582,717	\$ 5,693,924	\$ 112,076	\$ 37,388,717
<b>Changes in Net Assets</b>				
Unrestricted	3,123,268	-	-	3,123,268
Temporarily restricted	-	(4,326,686)	-	(4,326,686)
Permanently restricted	-	-	12,508	12,508
<b>Total changes in net assets</b>	<b>3,123,268</b>	<b>(4,326,686)</b>	<b>12,508</b>	<b>(1,190,910)</b>
<b>Balance, December 31, 2007</b>	<b>34,705,985</b>	<b>1,367,238</b>	<b>124,584</b>	<b>36,197,807</b>
<b>Changes in Net Assets</b>				
Unrestricted	(10,843,933)	-	-	(10,843,933)
Temporarily restricted	-	(954,542)	-	(954,542)
Permanently restricted	-	-	6,375	6,375
<b>Total changes in net assets</b>	<b>(10,843,933)</b>	<b>(954,542)</b>	<b>6,375</b>	<b>(11,792,100)</b>
<b>Balance, December 31, 2008</b>	<b>\$ 23,862,052</b>	<b>\$ 412,696</b>	<b>\$ 130,959</b>	<b>\$ 24,405,707</b>

*See accompanying notes to consolidated financial statements.*

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	<b>2008</b>	<b>2007</b>
<b>Operating Activities</b>		
Changes in net assets	\$ (11,792,100)	\$ (1,190,910)
Adjustments to reconcile changes in net assets to net cash from (for) operating activities:		
Depreciation	753,619	748,772
Unrealized loss on investments	6,291,261	2,293,407
Loss (gain) from sale of investments	966,048	(386,219)
Net periodic pension cost	5,197,448	(166,083)
Loss on disposal of equipment	532,806	28,168
Earnings in unconsolidated investment	(38,690)	(34,363)
Net present value adjustment of annuities payable	(35,265)	64,652
Changes in assets and liabilities:		
Accounts receivable	(477,906)	(659,282)
Prepaid expense	(66,142)	(107,250)
Deposits	(12,120)	3,197
Accounts payable and accrued expenses	(323,268)	(353,072)
Employee compensation and benefits	218,361	(62,090)
Deferred adoption fees	(144,778)	(374,577)
<b>Net Cash From (for) Operating Activities</b>	<b>1,069,274</b>	<b>(195,650)</b>
<b>Investing Activities</b>		
Additions to property and equipment	(1,910,367)	(1,799,751)
Purchase of investments	(10,984,340)	(8,593,934)
Proceeds from sale of investments	12,292,407	7,789,680
Distributions from unconsolidated affiliate	69,200	62,400
<b>Net Cash for Investing Activities</b>	<b>(533,100)</b>	<b>(2,541,605)</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	<b>2008</b>	<b>2007</b>
<b>Financing Activities</b>		
Decrease in campaign pledges receivable	\$ 242,680	\$ 489,546
Increase (decrease) in annuities payable	(38,781)	64,423
Proceeds (payments) on advance on margin line	(2,106,698)	2,106,698
Proceeds from line of credit	1,529,500	-
Principal payments on long-term debt	(403,713)	(70,663)
<b>Net Cash From (for) Financing Activities</b>	<b>(777,012)</b>	<b>2,590,004</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(240,838)</b>	<b>(147,251)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>5,316,418</b>	<b>5,463,669</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 5,075,580</b>	<b>\$ 5,316,418</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 95,534	\$ 118,232

*See accompanying notes to consolidated financial statements.*

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

### 1. Organization

Bethany Christian Services and its subsidiaries (Organization) are not-for-profit corporations described in Internal Revenue Code (IRC) Section 501(c)(3), exempt from taxation under Sections 501(a) and 509(a)(3) of the IRC. Bethany Christian Services is the sole member of the subsidiaries. The Organization operates a child placement agency and provides such services as foster care, pregnancy counseling, adoptive services and other related social services as may be appropriate in stabilizing and/or improving human relationships and conditions. Currently, these services are provided in 32 home offices in 31 states. Approximately 59% and 51% of operating revenue in 2008 and 2007, respectively, was derived from services provided under contract with governmental units.

### 2. Summary of Significant Accounting Policies

#### *Consolidated Financial Statements*

The consolidated financial statements include the accounts of Bethany Christian Services and its subsidiaries. All significant inter-organization accounts and transactions have been eliminated in consolidation except for the due from/to other funds accounts on the consolidated statements of financial position related to building construction.

#### *Comparative Financial Information*

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2008, from which the summarized information was derived.

#### *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 and

# **Bethany Christian Services (a not-for-profit corporation)**

## **Notes to Consolidated Financial Statements**

the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash on hand, cash on deposit with banks, and other highly liquid investments with an original maturity of three months or less.

### ***Basis of Accounting***

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

### ***Concentrations of Credit Risk***

The Organization maintains its cash accounts in national banks and does not consider there to be a significant credit risk arising from deposits in excess of federally insured limits.

### ***Advertising***

The Organization expenses advertising costs as incurred. Advertising expenses amounted to \$1,452,747 and \$1,994,047 in 2008 and 2007, respectively.

### ***Reclassifications***

Certain amounts have been reclassified in 2007 to conform to the 2008 presentation. The reclassification had no effect on total net assets.

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# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

### *Property and Equipment*

Tangible assets having a useful life in excess of one year, with cost in excess of \$5,000, are capitalized. Property and equipment are recorded at cost, except for donated items which are recorded at fair market value as of the date of receipt. Expenses for maintenance and repairs are charged to expense as incurred. Depreciation is computed by the straight line method based on the following estimated useful lives of the related assets:

	Years
Buildings	40
Land improvements	20
Furniture and fixtures	10
Machinery and equipment	3-6
Vehicles	3

### *Health Insurance Benefits*

Health insurance benefits for employees are funded by the Organization up to the stop-loss limits provided for in an agreement with its insurance carrier. The Organization is insured for amounts in excess of these limits. Operations are charged with the cost of the claims reported, and a provision has been made for reported but unpaid claims and claims incurred but not reported at year end.

### *Basis of Presentation*

Net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted Net Assets* - Net assets which are not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that should be met either by actions of the Organization and/or the passage of time. Net assets are temporarily restricted mainly for construction projects.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization.

Revenues, adoption fees, contributions, and investment income are reported as follows:

- Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Temporarily restricted contributions whose restrictions are satisfied in the same year in which the contribution revenue is recorded are reported as unrestricted contributions.

- The fee for domestic infant and intercountry adoption services is billed at the time the home study is complete. The Organization's policy is to recognize a portion of the fee at the time of home study completion, a portion at the time of placement, and the remainder when the adoption is closed. Deferred adoption fees represent fees billed to prospective parents and collected in advance of providing these services.
- Prospective parents involved in the domestic infant and intercountry adoption process are charged a fee for services which consists of the home study, placement of the child, and supervision during the post-placement probationary time period. The international adoption process also includes fees charged by the Organization for acting as a liaison with the international agency.
- Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended December 31, 2008 and 2007, contributed services and materials were approximately \$351,000 and \$507,000, respectively.

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

### 3. Investments

Investments consist of marketable securities. Investments are carried at fair value based on quoted market prices if available, and if not available, other fair value inputs (see Note 13) as of the statement of financial position date and are summarized as follows:

<i>December 31,</i>	<b>2008</b>	2007
Stocks	<b>\$ 11,336,366</b>	\$ 17,717,910
Bonds and notes	<b>2,677,488</b>	4,819,995
Mutual funds	<b>2,919,779</b>	2,062,139
Annuities	-	898,965
	<b>\$ 16,933,633</b>	\$ 25,499,009

### 4. Campaign Pledges Receivable

In 2001, the Organization began a \$30.2 million campaign fund drive, the goals of which are to raise \$6.2 million for facilities and \$24 million for the Children's Fund. The Board of Directors gave contributors the option of designating their gifts either for facilities or the Children's Fund. Contributions made by donors who did not designate their contribution are assumed to have been made for facilities until the facilities goal has been obtained. The discount rate used on long-term promises to give was 7% in 2007; a discount rate was not used for 2008 due to the amount of gifts that are due beyond 2009.

Unconditional promises to give consists of the following:

<i>December 31,</i>	<b>2008</b>	2007
Receivable due in less than one year	<b>\$ 34,299</b>	\$ 251,311
Receivable due in one to four years	<b>815</b>	28,940
Gross unconditional promises to give	<b>35,114</b>	280,251
Less: discounts to net present value	-	2,457
<b>Net Unconditional Promises to Give</b>	<b>\$ 35,114</b>	\$ 277,794

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

### 5. Line of Credit

The Organization has a line of credit agreement which permits borrowings up to \$2,000,000 and bears interest at prime less 0.75%, with a floor of 4.00%, effectively 4.00% at December 31, 2008. Amounts outstanding under this line of credit agreement were \$1,529,500 and \$0 at December 31, 2008 and 2007 respectively.

### 6. Margin Account

The Organization has entered into a margin credit agreement which permits borrowings up to a certain percentage of their investment balances, and has interest at 0.5% above the monthly money call rate, effectively 2.5% at December 31, 2008. At December 31, 2008, there were no amounts outstanding under this margin credit agreement.

### 7. Annuities Payable

Donors may transfer assets to the Organization in exchange for the right to receive a predetermined return during their lifetime (an annuity). A portion of the transfer is considered to be a charitable contribution for income tax purposes. Upon receipt of the transfer, the Organization records a liability for the annuity payable at the present value of future payments based on life expectancy and current interest rates. The difference between the liability recognized for the annuity and the amount of the transfer is recognized as unrestricted contribution income at the date of the gift unless the gift portion is restricted. Annuity payments are charged against the liability, which at the end of each fiscal year is adjusted to the present value of future payments based on life expectancy and the applicable discount rate as published by the Internal Revenue Service. Discount rates of 4.6% per annum were used in 2008 and 2007. The resulting adjustments of approximately \$9,000 and \$(65,000) were made to investment income in the statements of activities for the years ended December 31, 2008 and 2007, respectively.

### 8. Notes Payable

Long-term debt consists of a \$127,105 note payable, secured by a mortgage, to an individual with payments due in monthly installments of \$4,004, including interest, with a final payment due December 31, 2011. Interest accrues at 8.35%.

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

Long-term debt also consists of a \$117,600 note payable, secured by a mortgage, to a company with payments due in monthly installments of \$3,000, including interest. Interest accrues at 8.00%.

Future scheduled maturities of long-term debt are as follows:

*Year ending December 31,*

2009	\$ 68,500
2010	73,705
2011	79,307
2012	23,193
	<hr/>
	\$244,705

### 9. Employee Benefit Plans

The Organization has a non-contributory defined benefit pension plan (Plan) covering substantially all full-time employees. The benefits are based on years of service and compensation. Plan assets consist principally of mutual funds for institutional investors.

The benefit obligations of the retirement plan exceed the value of the Plan assets at December 31, 2008 and 2007. This difference represents the “Funded Status” of the Plan. The amount that the Plan is under-funded increased from December 31, 2007 to December 31, 2008. This is primarily due to a decrease in the fair market value of the Plan assets. The discount rate used in determining the net periodic benefit cost also increased slightly in 2008, resulting in an increase in the benefit obligations as determined by the Organization’s actuary. In addition, Bethany Christian Services increased the contribution to the Plan in 2008.

As a result of the under-funded benefit obligations, the Organization recorded a liability for pension benefits and accrued pension cost. The combination of these two liabilities constitutes the “Funded” or “Under-funded” status of the Plan.

On the statement of activities, the net periodic pension cost is shown below operating expenses due to the unusual decline in the market.

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

Financial information regarding the Plan is as follows:

<i>December 31,</i>	<b>2008</b>	2007
<b>Obligation and Funded Status</b>		
Benefit obligation	\$ (19,216,734)	\$ (18,150,748)
Plan assets at fair value	<b>10,680,467</b>	14,329,874
<b>Under-Funded Status</b>	<b>\$ (8,536,267)</b>	<b>\$ (3,820,874)</b>

The components of the under-funded status are as follows:

<i>December 31,</i>	<b>2008</b>	2007
Unrecognized prior service cost	\$ 27,130	\$ 108,530
Unrecognized net loss	<b>8,538,161</b>	3,259,314
Accrued (prepaid) pension cost	<b>(29,024)</b>	453,030
<b>Under-Funded Status</b>	<b>\$ 8,536,267</b>	<b>\$ 3,820,874</b>

The following table shows the components of net periodic pension cost for the current and prior fiscal years:

<i>Year ended December 31,</i>	<b>2008</b>	2007
<b>Net Periodic Pension Cost</b>		
Service cost	\$ 1,146,616	\$ 1,216,553
Interest cost	<b>1,167,983</b>	1,050,788
Expected return on assets	<b>(1,193,350)</b>	(998,890)
Amortization of prior service cost	<b>81,400</b>	81,400
Amortization of loss	<b>195,297</b>	243,725
<b>Net Periodic Pension Cost</b>	<b>\$ 1,397,946</b>	<b>\$ 1,593,576</b>

The accumulated benefit obligation was \$17,301,165 and \$16,142,007 at the measurement dates of December 31, 2008 and 2007, respectively.

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

<i>Year ended December 31,</i>	<b>2008</b>	2007
<b>Additional Information</b>		
Employer contributions	\$ 1,880,000	\$ 1,912,000
Benefits paid	535,455	405,051
Benefit cost	1,397,946	1,593,576
Prepaid (accrued) pension cost (included in current assets/liabilities)	<b>29,024</b>	(453,030)
	<b>2008</b>	2007
<b>Assumptions</b>		
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:		
Discount rate	<b>6.50%</b>	6.25%
Expected return on plan assets	<b>8.0</b>	8.0
Rate of compensation increase	<b>3.5</b>	3.5
Weighted-average assumptions used to determine benefit obligation at December 31:		
Discount rate	<b>6.75</b>	6.50
Rate of compensation increase	<b>3.5</b>	3.5

The expected rate of return assumption was selected as an estimate of anticipated future long-term rates of return on Plan assets as measured on a market value basis. Factors considered in making this selection include (a) historical long-term rates of return for broad asset classes, (b) actual past rates of return achieved by the Plan, (c) the general mix of assets held by the Plan and (d) the stated investment policy for the Plan. The selected rate of return is net of anticipated investment-related expenses.

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

### *Plan Assets*

The Plan's assets are as follows:

<i>December 31,</i>	<b>2008</b>	2007
Common stocks	\$ -	\$ 4,082,458
Corporate bonds	-	2,008,613
U.S. government securities	-	780,923
Money market fund	<b>238,992</b>	348,166
Mutual funds	<b>9,844,192</b>	6,418,579
Hedge fund	<b>597,283</b>	691,135
<b>Total</b>	<b>\$ 10,680,467</b>	\$14,329,874

The Organization's investment policy for Plan assets is to emphasize principal growth and subsequent income versus current income. Year-to-year volatility in the value of the principal is of minor concern given the Organization's long-term time horizon. The Organization is most interested in maximizing principal and income, after the effects of inflation, over the long run. Target asset allocation percentages are as follows:

	Percent
Other investments	0 - 10
Fixed income	30 - 55
Equities	35 - 65

### *Cash Flows*

The Organization expects to contribute approximately \$2,640,000 to the Plan in 2009. The following benefit payments, which include expected future service, as appropriate, are expected to be paid as follows:

<i>Year ending December 31,</i>	
2009	\$ 708,000
2010	757,000
2011	902,000
2012	1,046,000
2013	1,153,000
2014-2018	8,201,000

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

The Organization also maintains a deferred compensation plan qualified under Section 403(b) of the IRC. The Organization accounts for this plan under the pay-as-you-go method and makes annually determined discretionary matching contributions as of the end of each plan year or more frequently, as determined by the employer. Under this plan, eligible employees are permitted to contribute up to 20% of annual compensation into the retirement plan (except to the extent a larger amount is permitted under the exclusion allowance) up to the maximum dollar amount determined by the IRC. The Organization matches employee contributions for employees with at least two years of service. The Organization determines the matching contribution formula on a year-by-year basis. Historically, the Organization has matched \$.20 to \$.40 per \$1.00 contributed, prorated based on years of service. Matching contributions do not exceed 2.4% of an employee's income. During 2007, the Organization began making matching contributions more frequently, as permitted, along with each payroll period. The result was that in 2007, the Organization paid the annual matching contribution for 2006 in addition to the 2007 matching contributions. Discretionary contributions to the plan for the years ended December 31, 2008 and 2007 were \$161,990 and \$243,667, respectively.

### 10. Lease Commitments

The Organization leases office space and automobiles under noncancelable operating leases. Minimum rental commitments as of December 31, 2008, for these leases are as follows:

*Year ending December 31,*

2009	\$1,770,061
2010	1,381,182
2011	931,434
2012	733,628
2013	363,079
	<hr/>
	\$5,179,384

Total rent expense was \$1,990,720 and \$1,900,663 for 2008 and 2007, respectively.

# **Bethany Christian Services (a not-for-profit corporation)**

## **Notes to Consolidated Financial Statements**

### **11. Commitments and Contingencies**

The Organization is subject to several legal proceedings arising in connection with the operation of its business. The amount of any liability which might exist cannot reasonably be estimated and a provision for loss has not been made in the accompanying consolidated financial statements. It is management's opinion that the ultimate resolution of the aforementioned claims will not have a material adverse effect on the Organization's consolidated financial position or results of operations.

Pursuant to an agreement with a bank, the Organization issued loan guarantees during 2008 and 2007 to the bank on behalf of adopting parents. Under the loan guarantee program, prospective parents enter into loan agreements with maturities ranging from two to five years with the bank for certain adoption expenses. The bank disburses the funds directly to the Organization. The Organization is required to pay off the loans to the bank if the adopting parents fail to repay the loan within 90 days of the maturity date. The maximum potential amount of unrecorded guarantees is \$1,833,743 and \$1,214,414 at December 31, 2008 and 2007, respectively. Although management does not anticipate incurring material losses on these guarantees, a provision for possible losses of \$40,000 is recorded at December 31, 2008 and 2007.

### **12. Investment in Unconsolidated Affiliate**

During 2005, the Organization purchased a 40% minority interest in a limited liability company for \$802,060. This investment is accounted for using the equity method of accounting. The Organization recognized income of \$38,690 and \$34,363 and a distribution of \$69,200 and \$62,400 for the years ended December 31, 2008 and 2007, respectively.

### **13. Fair Value Measurements**

Effective January 1, 2008, the Organization implemented SFAS No. 157 relating to its financial assets and liabilities. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability. The price of the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are: (i) independent; (ii) knowledgeable; (iii) able to transact; and (iv) willing to transact.

SFAS No. 157 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, SFAS No. 157 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

*Level 1* - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

*Level 2* - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be derived from or corroborated by observable market data by correlation or other means.

*Level 3* - Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

# Bethany Christian Services (a not-for-profit corporation)

## Notes to Consolidated Financial Statements

The following is a description of the Organization's valuation methodologies used to measure and disclose the fair values of the Organization's financial assets and liabilities on a recurring or nonrecurring basis:

*Investments* - Investments are recorded at fair value on a recurring basis. Fair value measurement is based on quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models. Level 1 securities include equity securities and mutual funds. Level 2 securities include U.S. Government Agency bonds and mortgage-backed securities issued or guaranteed by U.S. Government Agencies, as well as corporate bonds. The Organization has no Level 3 securities.

### *Assets and Liabilities Measured at Fair Value on a Recurring Basis*

The balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2008 are as follows:

	Total	Level 1	Level 2	Level 3
Other deposits and investments	\$16,933,633	\$ 14,609,274	\$ 2,324,359	\$ -

### *Nonfinancial Assets and Liabilities Subject to FSP FAS 157-2 Deferral Provisions*

The Organization will apply the fair value measurement and disclosure provisions of SFAS No. 157 effective on January 1, 2009 to nonfinancial assets and liabilities measured on a nonrecurring basis.

# Supplemental Material





**BDO Seidman, LLP**  
Accountants and Consultants

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Fax: (616) 776-3680

## **Independent Auditors' Report on Supplemental Material**

Our audits of the basic consolidated financial statements included in the preceding section of this report were performed for the purpose of forming an opinion on those statements taken as a whole. The supplemental material presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. This supplemental material is the responsibility of the Organization's management. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*BDO Seidman, LLP*

Grand Rapids, Michigan  
March 23, 2009

<i>December 31, 2008</i>	Total	Arkansas	California, Northern	California, Southern	Colorado
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 5,075,580	\$ 2,900	\$ (56,626)	\$ 19,845	\$ 31,645
Investments	16,933,633	380,774	-	353,595	435,084
Accounts receivable, net	7,234,443	24,719	113,457	77,313	99,505
Campaign pledges receivable	34,299	-	1,080	-	-
Prepaid expenses	401,400	1,595	2,249	6,515	4,532
Due from other funds	377,582	-	280,582	-	-
<b>Total current assets</b>	<b>30,056,937</b>	<b>409,988</b>	<b>340,742</b>	<b>457,268</b>	<b>570,766</b>
<b>Property and equipment</b>					
Land and land improvements	2,111,058	-	43,667	-	-
Buildings and improvements	14,187,448	-	2,060,321	-	-
Furniture and equipment	4,661,761	5,787	157,779	-	19,666
Vehicles	167,471	-	19,000	-	-
Construction in progress	267,797	-	-	-	-
	21,395,535	5,787	2,280,767	-	19,666
Less accumulated depreciation	8,458,069	5,787	346,975	-	7,887
<b>Net property and equipment</b>	<b>12,937,466</b>	<b>-</b>	<b>1,933,792</b>	<b>-</b>	<b>11,779</b>
<b>Other assets</b>					
Campaign pledges receivable	815	-	115	-	-
Investment in unconsolidated affiliate	723,687	-	-	-	-
Deposits	103,502	-	2,000	5,371	1,600
<b>Total other assets</b>	<b>828,004</b>	<b>-</b>	<b>2,115</b>	<b>5,371</b>	<b>1,600</b>
<b>Total Assets</b>	<b>\$ 43,822,407</b>	<b>\$ 409,988</b>	<b>\$ 2,276,649</b>	<b>\$ 462,639</b>	<b>\$ 584,145</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 1,791,100	\$ 9,995	\$ 217	\$ 7,198	\$ 32,290
Employee compensation and benefits	4,352,471	14,589	78,088	67,890	56,795
Deferred adoption fees	2,866,200	7,800	37,849	14,400	22,450
Due to other funds	377,582	-	280,582	-	-
Line of credit	1,529,500	-	-	-	-
Current maturities of long-term notes payable	68,500	-	-	-	-
<b>Total current liabilities</b>	<b>10,985,353</b>	<b>32,384</b>	<b>396,736</b>	<b>89,488</b>	<b>111,535</b>
<b>Long-term liabilities:</b>					
Long-term notes payable, less current maturities	176,205	-	-	-	-
Annuities payable	397,850	-	-	-	-
Liabilities for pension benefits	7,857,292	57,127	190,424	112,808	125,983
<b>Total long-term liabilities</b>	<b>8,431,347</b>	<b>57,127</b>	<b>190,424</b>	<b>112,808</b>	<b>125,983</b>
<b>Total Liabilities</b>	<b>19,416,700</b>	<b>89,511</b>	<b>587,160</b>	<b>202,296</b>	<b>237,518</b>
<b>Net Assets, beginning of year</b>	<b>36,197,807</b>	<b>350,713</b>	<b>1,859,246</b>	<b>150,582</b>	<b>556,012</b>
Equity transfers	-	-	-	-	-
Change in net assets	(11,792,100)	(30,236)	(169,757)	109,761	(209,385)
<b>Net Assets, end of year</b>	<b>24,405,707</b>	<b>320,477</b>	<b>1,689,489</b>	<b>260,343</b>	<b>346,627</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 43,822,407</b>	<b>\$ 409,988</b>	<b>\$ 2,276,649</b>	<b>\$ 462,639</b>	<b>\$ 584,145</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidating Statement of Financial Position

	Florida	Georgia	Illinois	Indiana	Iowa, Northwest	Iowa, South Central
\$	(125,304)	\$ 120,994	\$ (299,892)	\$ 32,965	\$ 43,585	\$ 17,889
	-	1,750,757	-	161,156	174,941	758,679
	15,575	560,030	55,574	738,330	127,310	73,292
	-	-	-	-	-	-
	2,000	19,504	6,715	6,324	3,700	4,693
	-	97,000	-	-	-	-
	<u>(107,729)</u>	<u>2,548,285</u>	<u>(237,603)</u>	<u>938,775</u>	<u>349,536</u>	<u>854,553</u>
	-	-	-	-	-	-
	-	93,950	-	-	-	-
	-	42,537	92,099	11,308	11,605	15,375
	-	53,980	-	-	-	-
	-	-	-	-	-	-
	-	190,467	92,099	11,308	11,605	15,375
	-	80,198	65,226	5,811	5,437	11,501
	-	<u>110,269</u>	<u>26,873</u>	<u>5,497</u>	<u>6,168</u>	<u>3,874</u>
	-	-	-	-	-	-
	-	723,687	-	-	-	-
	290	1,143	-	13,943	-	2,000
	<u>290</u>	<u>724,830</u>	<u>-</u>	<u>13,943</u>	<u>-</u>	<u>2,000</u>
\$	<u>(107,439)</u>	<u>\$ 3,383,384</u>	<u>\$ (210,730)</u>	<u>\$ 958,215</u>	<u>\$ 355,704</u>	<u>\$ 860,427</u>
\$	1,092	\$ 78,686	\$ 5,438	\$ 38,414	\$ 3,652	\$ 6,355
	15,880	199,992	48,940	168,001	60,830	57,899
	5,408	51,584	16,225	53,029	22,985	37,600
	-	97,000	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>22,380</u>	<u>427,262</u>	<u>70,603</u>	<u>259,444</u>	<u>87,467</u>	<u>101,854</u>
	-	-	-	-	-	-
	-	-	-	-	-	-
	39,711	551,341	139,934	295,324	114,534	79,761
	<u>39,711</u>	<u>551,341</u>	<u>139,934</u>	<u>295,324</u>	<u>114,534</u>	<u>79,761</u>
	62,091	978,603	210,537	554,768	202,001	181,615
	(68,314)	3,037,773	(123,866)	626,114	282,115	537,238
	-	-	-	-	-	-
	<u>(101,216)</u>	<u>(632,992)</u>	<u>(297,401)</u>	<u>(222,667)</u>	<u>(128,412)</u>	<u>141,574</u>
	<u>(169,530)</u>	<u>2,404,781</u>	<u>(421,267)</u>	<u>403,447</u>	<u>153,703</u>	<u>678,812</u>
\$	<u>(107,439)</u>	<u>\$ 3,383,384</u>	<u>\$ (210,730)</u>	<u>\$ 958,215</u>	<u>\$ 355,704</u>	<u>\$ 860,427</u>

December 31, 2008	Maryland	Michigan	Minnesota	Mississippi	Missouri
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 13,539	\$ 1,997,473	\$ 547	\$ 26,966	\$ 5,319
Investments	331,095	4,874,429	-	918,121	38,852
Accounts receivable, net	8,911	3,760,248	89,216	2,659	39,785
Campaign pledges receivable	-	-	-	-	-
Prepaid expenses	4,059	57,674	4,199	2,538	1,268
Due from other funds	-	-	-	-	-
<b>Total current assets</b>	<b>357,604</b>	<b>10,689,824</b>	<b>93,962</b>	<b>950,284</b>	<b>85,224</b>
<b>Property and equipment</b>					
Land and land improvements	-	658,594	-	-	-
Buildings and improvements	-	5,358,338	-	-	-
Furniture and equipment	-	1,146,271	5,937	14,404	-
Vehicles	-	58,362	-	-	-
Construction in progress	-	162,259	-	-	-
	-	7,383,824	5,937	14,404	-
Less accumulated depreciation	-	4,183,093	1,154	8,243	-
<b>Net property and equipment</b>	<b>-</b>	<b>3,200,731</b>	<b>4,783</b>	<b>6,161</b>	<b>-</b>
<b>Other assets</b>					
Campaign pledges receivable	-	-	-	-	-
Investment in unconsolidated affiliate	-	-	-	-	-
Deposits	2,898	12,792	434	-	1,401
<b>Total other assets</b>	<b>2,898</b>	<b>12,792</b>	<b>434</b>	<b>-</b>	<b>1,401</b>
<b>Total Assets</b>	<b>\$ 360,502</b>	<b>\$ 13,903,347</b>	<b>\$ 99,179</b>	<b>\$ 956,445</b>	<b>\$ 86,625</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 6,627	\$ 405,045	\$ 4,750	\$ 2,805	\$ (1,899)
Employee compensation and benefits	41,416	1,444,254	31,849	55,830	35,319
Deferred adoption fees	22,550	215,684	15,500	11,656	10,555
Due to other funds	-	-	-	-	-
Line of credit	-	-	-	-	-
Current maturities of long-term notes payable	-	38,895	-	-	-
<b>Total current liabilities</b>	<b>70,593</b>	<b>2,103,878</b>	<b>52,099</b>	<b>70,291</b>	<b>43,975</b>
<b>Long-term liabilities:</b>					
Long-term notes payable, less current maturities	-	88,210	-	-	-
Annuities payable	-	-	-	-	-
Liabilities for pension benefits	89,504	2,891,087	81,559	89,872	80,056
<b>Total long-term liabilities</b>	<b>89,504</b>	<b>2,979,297</b>	<b>81,559</b>	<b>89,872</b>	<b>80,056</b>
<b>Total Liabilities</b>	<b>160,097</b>	<b>5,083,175</b>	<b>133,658</b>	<b>160,163</b>	<b>124,031</b>
<b>Net Assets, beginning of year</b>	<b>378,671</b>	<b>10,732,436</b>	<b>195,738</b>	<b>824,980</b>	<b>33,773</b>
Equity transfers	-	-	-	-	-
Change in net assets	(178,266)	(1,912,264)	(230,217)	(28,698)	(71,179)
<b>Net Assets, end of year</b>	<b>200,405</b>	<b>8,820,172</b>	<b>(34,479)</b>	<b>796,282</b>	<b>(37,406)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 360,502</b>	<b>\$ 13,903,347</b>	<b>\$ 99,179</b>	<b>\$ 956,445</b>	<b>\$ 86,625</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidating Statement of Financial Position

	New England	New Jersey	North Carolina	Pennsylvania, Central	Pennsylvania, GDV	Pennsylvania, Western
\$	4,827	\$ 16,651	\$ 3,000	\$ 27,822	\$ (388,488)	\$ 6,252
	29,194	249,445	1,008,557	272,745	-	28,207
	16,142	71,965	26,758	89,729	554,461	101,300
	-	4,338	-	-	28,881	-
	2,811	3,022	3,937	2,658	2,499	4,717
	-	-	-	-	-	-
	<u>52,974</u>	<u>345,421</u>	<u>1,042,252</u>	<u>392,954</u>	<u>197,353</u>	<u>140,476</u>
	-	394,523	-	-	166,650	-
	-	123,537	1,644	-	1,036,695	-
	-	10,495	6,164	18,266	91,258	16,962
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	528,555	7,808	18,266	1,294,603	16,962
	-	5,248	3,400	18,266	37,477	4,760
	-	<u>523,307</u>	<u>4,408</u>	<u>-</u>	<u>1,257,126</u>	<u>12,202</u>
	-	700	-	-	-	-
	-	-	-	-	-	-
	<u>2,414</u>	<u>300</u>	<u>1,500</u>	<u>3,524</u>	<u>14,611</u>	<u>1,758</u>
	<u>2,414</u>	<u>1,000</u>	<u>1,500</u>	<u>3,524</u>	<u>14,611</u>	<u>1,758</u>
\$	<u>\$ 55,388</u>	<u>\$ 869,728</u>	<u>\$ 1,048,160</u>	<u>\$ 396,478</u>	<u>\$ 1,469,090</u>	<u>\$ 154,436</u>
\$	4,622	\$ 6,628	\$ 8,517	\$ 7,839	\$ 120,153	\$ 7,581
	31,019	68,354	46,666	46,849	159,236	44,774
	24,350	27,964	23,500	30,760	66,160	16,950
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	29,605	-	-	-	-
	<u>59,991</u>	<u>132,551</u>	<u>78,683</u>	<u>85,448</u>	<u>345,549</u>	<u>69,305</u>
	-	87,995	-	-	-	-
	-	-	-	-	-	-
	<u>68,688</u>	<u>115,295</u>	<u>85,455</u>	<u>95,090</u>	<u>389,833</u>	<u>75,200</u>
	<u>68,688</u>	<u>203,290</u>	<u>85,455</u>	<u>95,090</u>	<u>389,833</u>	<u>75,200</u>
	<u>128,679</u>	<u>335,841</u>	<u>164,138</u>	<u>180,538</u>	<u>735,382</u>	<u>144,505</u>
	(45,632)	516,371	880,665	286,762	1,031,687	103,120
	-	-	-	-	-	-
	<u>(27,659)</u>	<u>17,516</u>	<u>3,357</u>	<u>(70,822)</u>	<u>(297,979)</u>	<u>(93,189)</u>
	<u>(73,291)</u>	<u>533,887</u>	<u>884,022</u>	<u>215,940</u>	<u>733,708</u>	<u>9,931</u>
\$	<u>\$ 55,388</u>	<u>\$ 869,728</u>	<u>\$ 1,048,160</u>	<u>\$ 396,478</u>	<u>\$ 1,469,090</u>	<u>\$ 154,436</u>

<i>December 31, 2008</i>	South Carolina	South Dakota, Eastern	South Dakota, Western	Tennessee, Chattanooga	Tennessee, Eastern
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 2,751	\$ (81,921)	\$ 9,012	\$ (62,928)	\$ 1,499
Investments	147,707	-	155,727	-	166,467
Accounts receivable, net	30,119	33,475	2,421	6,572	1,555
Campaign pledges receivable	-	-	-	-	-
Prepaid expenses	5,022	1,025	1,457	2,025	2,700
Due from other funds	-	-	-	-	-
<b>Total current assets</b>	<b>185,599</b>	<b>(47,421)</b>	<b>168,617</b>	<b>(54,331)</b>	<b>172,221</b>
Property and equipment					
Land and land improvements	-	-	-	-	-
Buildings and improvements	-	-	-	34,847	-
Furniture and equipment	13,952	-	-	-	-
Vehicles	-	-	-	-	-
Construction in progress	-	-	-	-	-
	13,952	-	-	34,847	-
Less accumulated depreciation	13,952	-	-	7,529	-
<b>Net property and equipment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,318</b>	<b>-</b>
Other assets					
Campaign pledges receivable	-	-	-	-	-
Investment in unconsolidated affiliate	-	-	-	-	-
Deposits	2,500	-	833	5,000	2,000
<b>Total other assets</b>	<b>2,500</b>	<b>-</b>	<b>833</b>	<b>5,000</b>	<b>2,000</b>
<b>Total Assets</b>	<b>\$ 188,099</b>	<b>\$ (47,421)</b>	<b>\$ 169,450</b>	<b>\$ (22,013)</b>	<b>\$ 174,221</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ (1,972)	\$ 2,048	\$ 116	\$ 3,237	\$ (36)
Employee compensation and benefits	52,213	21,717	12,410	22,852	26,726
Deferred adoption fees	35,800	13,300	2,550	45,400	11,756
Due to other funds	-	-	-	-	-
Line of credit	-	-	-	-	-
Current maturities of long-term notes payable	-	-	-	-	-
<b>Total current liabilities</b>	<b>86,041</b>	<b>37,065</b>	<b>15,076</b>	<b>71,489</b>	<b>38,446</b>
Long-term liabilities:					
Long-term notes payable, less current maturities	-	-	-	-	-
Annuities payable	-	-	-	-	-
Liabilities for pension benefits	132,309	27,419	20,883	55,703	53,831
<b>Total long-term liabilities</b>	<b>132,309</b>	<b>27,419</b>	<b>20,883</b>	<b>55,703</b>	<b>53,831</b>
<b>Total Liabilities</b>	<b>218,350</b>	<b>64,484</b>	<b>35,959</b>	<b>127,192</b>	<b>92,277</b>
<b>Net Assets, beginning of year</b>	<b>34,434</b>	<b>(143,782)</b>	<b>162,357</b>	<b>(66,520)</b>	<b>106,514</b>
Equity transfers	-	-	-	-	-
Change in net assets	(64,685)	31,877	(28,866)	(82,685)	(24,570)
<b>Net Assets, end of year</b>	<b>(30,251)</b>	<b>(111,905)</b>	<b>133,491</b>	<b>(149,205)</b>	<b>81,944</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 188,099</b>	<b>\$ (47,421)</b>	<b>\$ 169,450</b>	<b>\$ (22,013)</b>	<b>\$ 174,221</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidating Statement of Financial Position

Tennessee, Middle	Tennessee, West	Virginia, Fairfax	Virginia, Hampton Roads	Washington	Wisconsin	International	National Direct Services	Corporate
\$ (283,626)	\$ 924	\$ (137,753)	\$ 4,049	\$ (83,056)	\$ 101,372	\$ 52,169	\$ (166,379)	\$ 4,217,558
-	-	-	311,747	-	843,689	3,185,708	-	356,957
12,621	27,840	53,351	(3,032)	135,708	92,087	103,687	112,012	(20,252)
-	-	-	-	-	-	-	-	-
3,988	3,100	9,331	2,458	16,005	5,947	14,720	-	186,413
-	-	-	-	-	-	-	-	-
(267,017)	31,864	(75,071)	315,222	68,657	1,043,095	3,356,284	(54,367)	4,740,676
-	-	-	-	-	-	57,044	-	790,580
-	-	-	6,435	-	-	567,843	-	4,903,838
6,665	12,888	36,488	-	43,964	28,918	333,718	40,838	2,478,417
-	-	-	-	-	-	-	-	36,129
-	-	-	-	-	-	-	-	105,538
6,665	12,888	36,488	6,435	43,964	28,918	958,605	40,838	8,314,502
1,296	12,888	26,510	1,491	39,796	9,532	265,601	6,033	3,282,978
5,369	-	9,978	4,944	4,168	19,386	693,004	34,805	5,031,524
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,021	3,200	1,242	1,809	11,165	4,753	-	-	-
3,021	3,200	1,242	1,809	11,165	4,753	-	-	-
\$ (258,627)	\$ 35,064	\$ (63,851)	\$ 321,975	\$ 83,990	\$ 1,067,234	\$ 4,049,288	\$ (19,562)	\$ 9,772,200
\$ 7,093	\$ 514	\$ 1,604	\$ 2,670	\$ 25,052	\$ 7,384	\$ 762,167	\$ -	\$ 225,218
27,533	37,513	83,747	22,788	73,729	94,108	203,925	(108,437)	1,007,177
25,450	15,900	38,444	34,131	55,625	67,300	1,785,585	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,529,500
-	-	-	-	-	-	-	-	-
60,076	53,927	123,795	59,589	154,406	168,792	2,751,677	(108,437)	2,761,895
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	397,850
56,635	66,134	202,151	50,024	191,768	199,255	106,006	164,633	761,955
56,635	66,134	202,151	50,024	191,768	199,255	106,006	164,633	1,159,805
116,711	120,061	325,946	109,613	346,174	368,047	2,857,683	56,196	3,921,700
(208,131)	(88,257)	(120,007)	265,741	30,858	1,059,239	2,309,944	(39,755)	10,748,988
-	-	-	-	-	-	-	-	-
(167,207)	3,260	(269,790)	(53,379)	(293,042)	(360,052)	(1,118,339)	(36,003)	(4,898,488)
(375,338)	(84,997)	(389,797)	212,362	(262,184)	699,187	1,191,605	(75,758)	5,850,500
\$ (258,627)	\$ 35,064	\$ (63,851)	\$ 321,975	\$ 83,990	\$ 1,067,234	\$ 4,049,288	\$ (19,562)	\$ 9,772,200

*See accompanying independent auditors' report on supplemental material.*

<i>Year ended December 31, 2008</i>	Total	Arkansas	California, Northern	California, Southern	Colorado
<b>Operating Revenues</b>					
Contributions	\$ 11,388,689	\$ 149,311	\$ 823,939	\$ 346,190	\$ 94,352
Child support	33,023,047	-	-	-	645,449
Service fees	16,970,373	204,049	646,536	735,953	429,872
Investments and other	(5,084,897)	17,296	12,776	(42)	(82,073)
<b>Total Operating Revenues</b>	<b>56,297,212</b>	<b>370,656</b>	<b>1,483,251</b>	<b>1,082,101</b>	<b>1,087,600</b>
<b>Operating Expenses</b>					
Salaries	27,984,880	169,251	687,618	367,927	401,636
Employee benefits	6,323,931	28,753	146,789	69,684	71,298
Payroll taxes	2,077,987	12,756	51,077	27,717	31,187
Professional fees	2,304,375	7,277	32,594	20,456	56,364
Supplies	557,254	2,038	15,481	7,937	7,017
Telephone	705,834	7,439	18,893	21,550	17,184
Postage and shipping	646,589	6,384	17,821	13,264	8,389
Occupancy	3,226,959	25,098	72,290	84,169	63,848
Outside printing	772,965	4,786	12,518	11,539	7,410
Travel and transportation	2,421,607	11,789	34,325	28,657	40,644
Advertising	1,452,747	10,261	34,076	29,612	12,671
Special assistance	8,601,229	8,466	61,479	6,348	372,644
Overseas contributions	852,843	-	-	-	-
Miscellaneous	4,209,045	26,907	67,264	107,154	14,780
Depreciation	753,619	-	75,435	-	1,472
Support services	-	48,042	196,883	110,179	113,251
<b>Total Operating Expenses</b>	<b>62,891,864</b>	<b>369,247</b>	<b>1,524,543</b>	<b>906,193</b>	<b>1,219,795</b>
Net periodic pension cost	(5,197,448)	(31,644)	(128,465)	(66,147)	(77,192)
<b>Total Operating Expenses and Pension Cost</b>	<b>68,089,312</b>	<b>400,891</b>	<b>1,653,008</b>	<b>972,340</b>	<b>1,296,987</b>
<b>Change in Net Assets From</b>					
<b>Operating Activities</b>	<b>\$ (11,792,100)</b>	<b>\$ (30,235)</b>	<b>\$ (169,757)</b>	<b>\$ 109,761</b>	<b>\$ (209,387)</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidating Statement of Activities

	Florida	Georgia	Illinois	Indiana	Iowa, Northwest	Iowa, South Central
\$	69,456	\$ 457,761	\$ 157,998	\$ 174,081	\$ 216,886	\$ 185,322
	-	3,880,476	299,251	1,997,822	513,069	171,727
	238,191	623,953	216,967	700,202	394,870	797,485
	(454)	158,316	(35,676)	(77,450)	(60,622)	(15,028)
	307,193	5,120,506	638,540	2,794,655	1,064,203	1,139,506
	142,610	2,046,593	272,366	1,293,202	432,097	294,882
	37,292	479,540	69,106	358,990	108,130	67,986
	10,739	154,620	20,376	95,717	31,778	21,715
	34,254	110,941	75,033	12,239	110,946	116,324
	3,647	34,135	4,152	8,457	8,020	7,741
	6,512	82,857	8,725	25,017	19,083	24,205
	6,615	30,357	11,316	11,830	10,199	4,915
	24,728	350,828	54,396	94,295	49,566	63,231
	3,708	15,200	6,283	14,732	20,389	9,908
	17,988	135,772	18,519	170,224	55,178	44,250
	7,517	78,842	4,722	6,320	43,191	30,109
	13,054	1,052,932	95,530	296,016	9,907	105,611
	-	-	-	-	-	-
	23,825	196,418	118,825	50,926	66,818	38,205
	-	26,345	19,127	1,885	1,719	1,580
	49,176	568,643	106,542	337,212	145,472	114,434
	381,665	5,364,023	885,018	2,777,062	1,112,493	945,096
	(26,743)	(389,475)	(50,923)	(240,260)	(80,123)	(52,836)
	408,408	5,753,498	935,941	3,017,322	1,192,616	997,932
\$	(101,215)	\$ (632,992)	\$ (297,401)	\$ (222,667)	\$ (128,413)	\$ 141,574

<i>Year ended December 31, 2008</i>	Maryland	Michigan	Minnesota	Mississippi	Missouri
<b>Operating Revenues</b>					
Contributions	\$ 216,176	\$ 2,229,546	\$ 177,113	\$ 602,086	\$ 219,271
Child support	-	20,007,751	106,550	-	35,766
Service fees	341,001	2,439,330	254,619	177,693	388,673
Investments and other	(47,363)	(832,535)	(7,616)	(17,036)	11,928
<b>Total Operating Revenues</b>	<b>509,814</b>	<b>23,844,092</b>	<b>530,666</b>	<b>762,743</b>	<b>655,638</b>
<b>Operating Expenses</b>					
Salaries	276,025	9,835,613	307,014	314,571	297,443
Employee benefits	40,733	2,194,087	67,243	90,869	58,013
Payroll taxes	20,597	723,514	23,041	23,195	22,150
Professional fees	17,227	489,294	10,535	11,268	10,410
Supplies	2,913	214,111	3,807	3,503	6,893
Telephone	7,235	127,788	5,474	11,153	15,783
Postage and shipping	8,042	94,818	10,147	9,423	11,422
Occupancy	57,682	788,157	76,514	38,152	24,431
Outside printing	9,523	134,603	8,457	10,860	10,345
Travel and transportation	11,729	800,354	18,033	11,993	35,188
Advertising	34,652	313,652	19,039	24,538	38,677
Special assistance	22,849	4,923,369	24,387	16,165	23,352
Overseas contributions	-	-	-	-	-
Miscellaneous	46,714	791,965	37,326	81,354	30,785
Depreciation	-	238,814	990	87	-
Support services	80,564	2,284,683	91,289	87,056	86,492
<b>Total Operating Expenses</b>	<b>636,485</b>	<b>23,954,822</b>	<b>703,296</b>	<b>734,187</b>	<b>671,384</b>
Net periodic pension cost	(51,596)	(1,801,534)	(57,586)	(57,253)	(55,433)
<b>Total Operating Expenses and Pension Cost</b>	<b>688,081</b>	<b>25,756,356</b>	<b>760,882</b>	<b>791,440</b>	<b>726,817</b>
<b>Change in Net Assets From</b>					
<b>Operating Activities</b>	<b>\$ (178,267)</b>	<b>\$ (1,912,264)</b>	<b>\$ (230,216)</b>	<b>\$ (28,697)</b>	<b>\$ (71,179)</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidating Statement of Activities

	New England	New Jersey	North Carolina	Pennsylvania, Central	Pennsylvania, GDV	Pennsylvania, Western
\$	233,884	\$ 264,615	\$ 166,124	\$ 118,271	\$ 359,813	\$ 164,769
	42,251	800	318,155	306,141	2,089,185	251,995
	295,495	831,712	423,634	280,080	616,717	266,404
	(7,254)	(2,758)	57,284	(54,382)	16,355	6,447
	564,376	1,094,369	965,197	650,110	3,082,070	689,615
	229,076	486,723	291,878	307,246	1,228,007	283,637
	46,418	77,535	72,269	81,521	272,517	63,057
	17,178	36,429	22,103	22,109	93,203	21,338
	11,389	14,766	36,626	7,582	35,593	18,476
	5,163	8,875	5,122	6,019	28,382	12,410
	12,673	9,955	16,609	7,959	34,314	15,745
	7,513	12,729	9,774	6,903	19,576	11,720
	49,776	76,228	52,816	37,720	211,945	52,082
	8,245	10,694	9,542	4,734	21,675	10,802
	25,328	35,761	19,534	19,040	63,617	37,954
	13,595	16,361	34,846	16,806	68,194	26,215
	9,270	24,930	219,987	60,839	646,897	42,534
	-	-	-	-	-	-
	44,827	48,688	26,479	6,617	79,443	45,921
	-	1,749	898	-	8,920	1,352
	69,238	126,114	89,727	79,108	332,749	86,345
	549,689	987,537	908,210	664,203	3,145,032	729,588
	(42,346)	(89,315)	(53,630)	(56,729)	(235,015)	(53,216)
	592,035	1,076,852	961,840	720,932	3,380,047	782,804
\$	(27,659)	\$ 17,517	\$ 3,357	\$ (70,822)	\$ (297,977)	\$ (93,189)

<i>Year ended December 31, 2008</i>	South Carolina	South Dakota, Eastern	South Dakota, Western	Tennessee, Chattanooga	Tennessee, Eastern
<b>Operating Revenues</b>					
Contributions	\$ 451,224	\$ 81,643	\$ 99,130	\$ 204,022	\$ 217,234
Child support	4,560	-	2,548	33,064	-
Service fees	519,579	221,059	113,288	203,131	258,131
Investments and other	41,357	14,902	(20,049)	(17,992)	3,027
<b>Total Operating Revenues</b>	<b>1,016,720</b>	<b>317,604</b>	<b>194,917</b>	<b>422,225</b>	<b>478,392</b>
<b>Operating Expenses</b>					
Salaries	404,077	109,604	81,448	182,794	206,047
Employee benefits	108,654	23,897	18,491	41,282	52,873
Payroll taxes	29,087	8,066	6,095	13,848	15,028
Professional fees	23,719	6,620	11,709	16,659	5,736
Supplies	7,731	5,602	2,195	5,116	4,260
Telephone	19,733	3,223	4,381	5,187	8,025
Postage and shipping	13,500	4,560	4,022	5,862	6,185
Occupancy	75,783	16,636	16,581	35,893	38,466
Outside printing	14,367	4,387	3,637	5,630	5,586
Travel and transportation	26,981	6,785	6,962	7,079	18,987
Advertising	46,117	8,371	6,971	21,608	27,458
Special assistance	47,830	4,995	7,320	20,893	16,942
Overseas contributions	-	-	-	-	-
Miscellaneous	62,910	16,243	12,979	48,405	(562)
Depreciation	-	-	-	851	-
Support services	125,363	47,254	26,264	59,614	59,678
<b>Total Operating Expenses</b>	<b>1,005,852</b>	<b>266,243</b>	<b>209,055</b>	<b>470,721</b>	<b>464,709</b>
Net periodic pension cost	(75,553)	(19,485)	(14,728)	(34,188)	(38,253)
<b>Total Operating Expenses and Pension Cost</b>	<b>1,081,405</b>	<b>285,728</b>	<b>223,783</b>	<b>504,909</b>	<b>502,962</b>
<b>Change in Net Assets From</b>					
<b>Operating Activities</b>	<b>\$ (64,685)</b>	<b>\$ 31,876</b>	<b>\$ (28,866)</b>	<b>\$ (82,684)</b>	<b>\$ (24,570)</b>

# Bethany Christian Services (a not-for-profit corporation)

## Consolidating Statement of Activities

	Tennessee, Middle	Tennessee, West	Virginia, Fairfax	Virginia, Hampton Roads	Washington	Wisconsin	International	National Direct Services	Corporate
\$	94,785	\$ 164,197	\$ 277,880	\$ 99,518	\$ 520,714	\$ 236,021	\$ 1,094,144	\$ 1,002	\$ 420,211
	-	94,270	426,234	59,063	458,702	571,452	-	706,766	-
	347,144	305,129	783,900	162,477	672,592	716,370	1,330,140	38,997	(5,000)
	1,592	(127)	4,770	20,532	(671)	(163,182)	(34,793)	18,778	(3,993,154)
	443,521	563,469	1,492,784	341,590	1,651,337	1,360,661	2,389,491	765,543	(3,577,943)
	221,461	195,445	765,398	161,737	622,435	757,680	592,044	273,312	3,445,983
	46,373	69,364	145,765	32,434	130,268	149,659	130,617	76,059	796,365
	16,801	14,361	57,786	12,171	46,250	56,253	40,894	17,110	261,698
	40,966	22,136	57,630	18,269	75,729	81,093	76,491	95,581	532,443
	2,930	3,776	25,036	1,414	22,758	21,397	10,363	7,723	41,130
	6,902	9,771	27,816	3,849	26,152	15,193	15,151	1,622	62,676
	7,923	7,279	14,669	3,838	19,256	18,653	81,028	6,460	130,197
	49,076	38,281	133,691	29,391	89,412	78,890	36,267	7,157	233,483
	5,219	4,287	14,636	3,756	19,282	14,229	23,983	5,868	302,145
	12,360	16,346	42,842	8,370	60,472	65,260	187,903	37,947	287,436
	39,240	21,204	47,771	18,340	53,318	42,983	10,652	74,565	170,253
	21,474	15,552	3,096	4,059	289,231	12,665	118,689	1,087	830
	-	-	-	-	-	-	852,843	-	-
	26,194	40,435	63,221	20,214	171,865	54,753	773,662	59,158	908,327
	1,111	-	5,818	156	1,389	3,793	45,673	5,740	308,715
	71,137	65,949	213,744	46,683	200,310	206,276	408,729	89,375	(6,823,575)
	569,167	524,186	1,618,919	364,681	1,828,127	1,578,777	3,404,989	758,764	658,106
	(41,562)	(36,024)	(143,654)	(30,288)	(116,251)	(141,936)	(102,844)	(42,782)	(662,439)
	610,729	560,210	1,762,573	394,969	1,944,378	1,720,713	3,507,833	801,546	1,320,545
\$	(167,208)	\$ 3,259	\$ (269,789)	\$ (53,379)	\$ (293,041)	\$ (360,052)	\$ (1,118,342)	\$ (36,003)	\$ (4,898,488)

*See accompanying independent auditors' report on supplemental material.*