

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

CAPINCROUSE LLP

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Life Outreach International Association
of Churches, Inc. and Affiliates
Euless, Texas

We have audited the accompanying consolidated financial statements of Life Outreach International Association of Churches, Inc. and Affiliates which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Board of Trustees
Life Outreach International Association
of Churches, Inc. and Affiliates
Euless, Texas

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Life Outreach International Association of Churches, Inc. and Affiliates as of December 31, 2020 and 2019, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Grapevine, Texas
June 4, 2021

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

Consolidated Statements of Financial Position

	December 31, 2020	December 31, 2019
ASSETS:		
Cash and cash equivalents	$ 17,797,416	$ 10,654,462
Investments	2,354,932	2,075,815
Prepaid expenses and other assets	854,828	906,352
Inventories–net	1,870,538	2,246,444
Property and equipment–net	6,764,665	7,552,776
Total Assets	$ 29,642,379	$ 23,435,849
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and other liabilities	$ 2,189,052	$ 2,526,319
Accrued liabilities	419,928	489,202
	2,608,980	3,015,521
Net assets:		
Net assets without donor restrictions	27,033,399	20,420,328
Total Liabilities and Net Assets	$ 29,642,379	$ 23,435,849

See notes to consolidated financial statements

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

Consolidated Statements of Activities

	Year Ended December 31,	
	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Contributions	$ 55,964,967	$ 52,862,895
Product resources	3,536,720	2,550,036
Investment income	342,232	365,652
Other revenue	12,346	56,555
Total Support and Revenue	59,856,265	55,835,138
EXPENSES:		
Program services:		
Media ministries–*Life Today*	15,716,365	17,407,873
Missions outreach and project ministries	14,847,483	17,168,010
Literature and audio/visual distribution ministries	7,563,875	7,360,600
	38,127,723	41,936,483
Supporting activities:		
General and administrative	4,401,317	4,170,495
Fundraising	9,968,947	10,511,689
	14,370,264	14,682,184
Total Expenses Without Donor Restrictions	52,497,987	56,618,667
Change in Net Assets Without Donor Restrictions before Zoe's Operations	7,358,278	(783,529)
Zoe's Operations (see Note 1):		
Rental income	195,500	275,740
Operating expenses	(940,707)	(943,962)
Zoe's Net Operating Loss	(745,207)	(668,222)
Change in Net Assets Without Donor Restrictions	6,613,071	(1,451,751)
Net Assets, Beginning of Year	20,420,328	21,872,079
Net Assets, End of Year	$ 27,033,399	$ 20,420,328

See notes to consolidated financial statements

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services				Supporting Activities		
	Media Ministries– *Life Today*	Missions Outreach and Project Ministries	Literature and Audio/Visual Distribution Ministries	Subtotal	General and Administrative	Fundraising	Totals
Television broadcast contracts	$ 10,907,432	$ -	$ 1,514,921	$ 12,422,353	$ -	$ 2,726,858	$ 15,149,211
Salaries and wages	2,031,000	3,191,429	996,486	6,218,915	1,643,044	803,391	8,665,350
Relief and development grants *	22,636	7,947,384	1,617	7,971,637	15,337	14,116	8,001,090
Professional services	508,699	1,303,199	1,268,191	3,080,089	423,530	2,958,149	6,461,768
Printing and postage	258,209	102,397	2,535,979	2,896,585	577,662	2,886,729	6,360,976
Employee benefits	584,398	751,010	291,725	1,627,133	464,196	189,514	2,280,843
Product premiums	-	706,656	704,760	1,411,416	78,425	78,662	1,568,503
Depreciation expense	820,533	-	-	820,533	177,413	110,883	1,108,829
Other expenses	143,119	40,912	32,160	216,191	595,308	31,825	843,324
Maintenance	133,512	203,492	130,560	467,564	200,266	41,222	709,052
Occupancy	177,630	246,675	74,806	499,111	131,578	67,269	697,958
Insurance	67,697	117,625	6,594	191,916	62,562	26,864	281,342
Travel	28,135	212,207	1,575	241,917	14,101	23,275	279,293
Lease expense	33,205	17,547	4,491	55,243	17,390	9,315	81,948
Royalties	160	6,950	10	7,120	505	875	8,500
Total LOI expenses	15,716,365	14,847,483	7,563,875	38,127,723	4,401,317	9,968,947	52,497,987
ZOE depreciation, other expenses	314,328	515,939	-	830,267	67,963	42,477	940,707
Total Consolidated Expenses	$ 16,030,693	$ 15,363,422	$ 7,563,875	$ 38,957,990	$ 4,469,280	$ 10,011,424	$ 53,438,694
Percentage of Total Expenses	30.0%	28.7%	14.2%	72.9%	8.4%	18.7%	100.0%

* Fundraising for relief and development grants is reported as part of media expenses.

See notes to consolidated financial statements

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Program Services				Supporting Activities		
	Media Ministries– *Life Today*	Missions Outreach and Project Ministries	Literature and Audio/Visual Distribution Ministries	Subtotal	General and Administrative	Fundraising	Total Expenses
Television broadcast contracts	$ 12,678,538	$ -	$ 1,760,908	$ 14,439,446	$ -	$ 3,169,634	$ 17,609,080
Salaries and wages	2,298,191	3,303,637	972,714	6,574,542	1,694,263	838,467	9,107,272
Relief and development grants *	4,963	9,954,596	1,011	9,960,570	7,043	6,880	9,974,493
Professional services	627,133	1,446,661	1,244,664	3,318,458	432,543	2,889,593	6,640,594
Printing and postage	113,791	243,552	2,494,630	2,851,973	485,345	3,114,637	6,451,955
Employee benefits	540,319	709,818	267,216	1,517,353	415,781	171,436	2,104,570
Product premiums	-	348,526	348,526	697,052	38,725	38,725	774,502
Depreciation expense	380,779	-	-	380,779	82,331	51,457	514,567
Other expenses	247,228	60,934	39,996	348,158	550,122	38,294	936,574
Maintenance	104,955	209,734	128,272	442,961	197,684	42,244	682,889
Occupancy	160,365	231,957	72,599	464,921	128,216	58,495	651,632
Insurance	86,371	84,443	8,342	179,156	95,812	33,656	308,624
Travel	53,763	518,329	2,927	575,019	15,797	36,662	627,478
Lease expense	111,357	28,735	6,047	146,139	24,768	18,724	189,631
Royalties	120	27,088	12,748	39,956	2,065	2,785	44,806
Total LOI expenses	17,407,873	17,168,010	7,360,600	41,936,483	4,170,495	10,511,689	56,618,667
ZOE depreciation, other expenses	312,572	521,568	-	834,140	67,583	42,239	943,962
Total Consolidated Expenses	$ 17,720,445	$ 17,689,578	$ 7,360,600	$ 42,770,623	$ 4,238,078	$ 10,553,928	$ 57,562,629
Percentage of Total Expenses	30.8%	30.7%	12.8%	74.3%	7.4%	18.3%	100.0%

* Fundraising for relief and development grants is reported as part of media expenses.

See notes to consolidated financial statements

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 6,613,071	$ (1,451,751)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	1,533,596	936,960
Loss on sale of assets	9,195	1,641
Change in value of gift annuities	(19,435)	14,941
Matured annuities	-	(5,110)
Realized and unrealized gains on investments–net	(239,470)	(251,742)
Changes in operating assets and liabilities:		
Inventories–net	375,906	66,434
Prepaid expenses and other assets	51,524	(247,191)
Accounts payable and other liabilities	(317,832)	327,783
Accrued liabilities	(69,274)	80,913
Net Cash Provided (Used) by Operating Activities	7,937,281	(527,122)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(754,680)	(965,683)
Purchases of investments	(66,535)	(123,893)
Proceeds from sale of property and equipment	-	59,511
Proceeds from sale of investments	26,888	24,373
Net Cash Used by Investing Activities	(794,327)	(1,005,692)
Net Change in Cash and Cash Equivalents	7,142,954	(1,532,814)
Cash and Cash Equivalents, Beginning of Year	10,654,462	12,187,276
Cash and Cash Equivalents, End of Year	$ 17,797,416	$ 10,654,462
NONCASH FINANCING AND INVESTING ACTIVITIES:		
Assets acquired through capital lease obligations	$ -	$ 69,984
Assets acquired via trade in	$ 48,000	$ -

See notes to consolidated financial statements

LIFE OUTREACH INTERNATIONAL ASSOCIATION OF CHURCHES, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

1. NATURE OF ORGANIZATION:

Life Outreach International Association of Churches, Inc. (LOI) is a Texas not-for-profit corporation that is governed by a board of trustees, who serve without compensation as volunteers. LOI is a Christian organization dedicated to sharing the transforming truth of God's love in word and deed. LOI encourages the support of missions and relief programs in areas of need throughout the world. Utilizing the tremendous potential of broadcast media to fulfill the mission, LOI inspires believers to share the promise of life and hope with others.

LOI has been recognized by the Internal Revenue Service as a church and association of churches organized and operated exclusively for religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. As such, it is not required to file the annual information return Form 990. As a 509(a)(1) and 170(b)(1)(A)(i) organization that is not a private foundation, donors may deduct contributions as provided in section 170 of the Internal Revenue Code. LOI's primary source of income is contributions from donors.

Life for Children, Inc. (Children) is a Texas not-for-profit corporation whose purpose is to provide charitable humanitarian relief efforts, assistance, and development throughout the world. As the board of trustees of Children is appointed by the board of LOI, the financial statements of Children have been consolidated herewith. All significant intercompany balances and transactions have been eliminated in consolidation.

Zoe Aviation, Inc. (ZOE) is a Texas for-profit corporation whose purpose is to hold title and operate certain aviation and other equipment that is both used by LOI and chartered as available to others. ZOE is a wholly owned subsidiary of LOI. As such, the financial statements of ZOE have been consolidated herewith. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain officers of LOI serve in leadership or board positions with a U.S. charity whose purpose is to support relief and other humanitarian aid internationally. Further, LOI provides accounting and other supporting services to the U.S. charity. Additionally, LOI has entered into a service agreement with LOI Canada to distribute *Life Today* telecasts in Canada and develop direct mail packages to inform ministry partners in Canada, etc., as the Canadian ministry has similar purpose and outreach to LOI. However, control does not exist through any majority ownership or majority voting interest in the board of either the U.S. charity or LOI Canada. Accordingly, these entities are not included in the accompanying consolidated financial statements.

1. NATURE OF ORGANIZATION, continued:

In conducting its ministries of compassion, such as mission feeding and water wells, LOI partners with other charities who operate in specific geographical and outreach areas. LOI's most significant partners are Joint Aid Management (JAM) and a JAM affiliate, Jesus Alive Ministries, both of which are U.S. tax exempt 501(c)(3) organizations. The JAM organizations conduct ministry outreaches including feeding, water wells, disaster relief, and crusades throughout Africa. They are under the control of an independent board, receive independent audits of its operations, and are regulated by supporting agencies such as the U.N. World Food Program. LOI establishes specific objectives, defines accountability and expectations, and sets parameters for the use of funds granted to JAM, subject to the oversight and review of the LOI board, senior management, and its independent audit firm.

Operations –LOI is an organization dedicated to sharing the life and love of Jesus Christ with men, women, and children worldwide by means of personal ministry, media outreach, and ministries of compassion. James Robison, the founder and host of the popular television program *Life Today* , seeks not only to declare the love of God but to demonstrate it as well through various mission outreaches to children and families here at home and around the globe.

Ministry in the United States is conducted by means of television, conferences and meetings, and by providing literature and media aids to its supporters and followers. LOI is supported primarily by voluntary contributions from listeners and the general public.

Ministries of compassion worldwide are conducted through partnering charities (not-for-profit organizations) in various countries that are independent of LOI. However, LOI establishes specific relationships and agreements, defines accountability and program expectations, and sets parameters for the use of funds granted to or expended through these partners.

Life Today Telecasts –Life Today is taped before a live studio audience at the International Studio and Headquarters near Fort Worth, Texas.

Prayer Center –LOI reaches inward to the spirit and soul of the friends and viewers by being available to pray with them in times of special need. The prayer center includes a 24-hour prayer line.

Spiritual Life Library –LOI develops and distributes audio and video products, and a variety of printed materials to the spiritual seeking.

Mission Feeding –LOI's aim is to reach out not only in word but also in deed by ministering to those who are experiencing great physical need.

Water Wells– Water sustains the precious gift of life. Water for Life is drilling wells in some of the most desolate areas of the world.

1. NATURE OF ORGANIZATION, continued:

Evangelism– Sharing Jesus with a needy world is the cornerstone of LOI's vision. In cooperation with our mission partners, evangelistic efforts include city-crusades and film-evangelism teams around the world with television outreach being the main avenue.

Life Centers –The Centers, operated by LOI partners, serve numerous purposes in places widely scattered around the world. These Centers are dedicated to the communities they serve, adapting and changing in function as the needs of the community change. They minister to the hurting through orphanages, training centers, food factories, medical clinics, churches, and retreat centers. They become an oasis of life for the people they touch.

Disaster Relief and Special Projects –LOI's mission teams and partners reach out to those who are experiencing human suffering caused by natural disasters and other world events.

Churches for Life –This is a powerful way for churches to reach out locally, nationally, and internationally without the added administrative burden of maintaining an in-house missions department. Churches for Life allows local churches to become partners and/or members of the association to make a greater impact through evangelistic outreaches, Life Centers, feeding programs, new water well drilling, and disaster relief.

Friends for Life –Friends for Life is a special group of supporters which provides a consistent foundation of resources to help LOI impact the world. They are recipients of various ministry materials and tools for their personal spiritual journey.

The Stream –A national daily where individuals concerned about the nation can gather for news, wisdom, and inspiration and not feel as if faith must exist in the margins.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

LOI maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated 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, disclosures of any contingent assets and liabilities at the date of the consolidated financial statements, and the reported revenues and expenses during the reporting periods. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in checking and savings accounts. These accounts may, at times, exceed federally insured limits. As of December 31, 2020 and 2019, LOI's cash balances exceeded federally insured limits by approximately $15,986,000 and $9,034,000, respectively. LOI has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

INVENTORIES–NET

Inventory primarily consists of books, audio and video products, which are recorded at the lower of cost or net realizable value using the first-in, first-out method. These items serve primarily as gifts to contributors and are charged to expense when used. Donated gifts are recorded at the estimated fair value on the date of donation. An allowance for obsolete inventory is based on management estimate, which includes consideration of the movement of inventory and current economic conditions.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value with realized and unrealized gains and losses included as revenue without donor restriction in the consolidated statements of activities. Investments with no readily determinable fair value are carried at estimated fair value, normally based upon appraised values. Donated investments are recorded at the fair value on the date of donation and thereafter carried in accordance with the above provisions.

PROPERTY, EQUIPMENT, AND DEPRECIATION

Property and equipment are recorded at cost or at estimated fair value at the date of gift. LOI capitalizes purchases in excess of $1,500 with lesser amounts expensed in the year purchased. Depreciation is computed using the straight-line method over the following estimated useful lives or lease terms of assets:

	Estimated Useful Lives
Land improvements	10 to 15 years
Buildings	25 years
Furniture and equipment	3 to 7 years
Transportation assets	5 to 20 years
Capitalized leases–office equipment	4 to 5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

Net assets without donor restrictions are currently available for ministry purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment.

LOI features specific outreaches (such as Life Centers, Mission Feeding, *Life Today* telecasts, and Water for Life) as examples of the programs it supports and conducts. All contributions are considered to be without restriction as to use unless explicitly stipulated by the donor.

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash is received or unconditionally promised, or when ownership of donated assets are transferred to LOI. Contributions restricted by the donor for a specific purpose are recorded as support in the 'with donor restrictions' class of net assets until funds have been expended by LOI for the purpose specified. Upon satisfaction of the purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions with donor restrictions, which have been fully expended for their intended purposes within the reporting period, are reported as contributions without donor restrictions.

LOI reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LOI reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

LOI receives indications of intent to support 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. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

LOI offers ministry-related resources to the public. These resources are available whether or not a contribution is made; however, a suggested donation is requested. During the years ended December 31, 2020 and 2019, material costs of approximately $1,569,000 and $775,000 were incurred, respectively, and are included in the consolidated statements of functional expenses as product premiums.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

EXPENSES

Expenses are recognized when incurred in accordance with the accrual basis of accounting. Expenses include grants to other charities of approximately $8,001,000 and $9,974,000 for the years ended December 31, 2020 and 2019, respectively, of which approximately $5,127,000 and $6,350,000, respectively, was provided to JAM and its affiliate (see Note 1).

FUNCTIONAL ALLOCATION OF EXPENSES

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of LOI. Those expenses included media expenses, salaries and wages, printing and postage, professional fees, other expenses, benefits, product resources, depreciation, maintenance, insurance, royalties, and lease expenses. Salaries and wages, professional fees, and benefits are allocated based upon estimates of time and effort. Maintenance, insurance, and lease expenses are allocated based upon an estimate of square footage used. Depreciation is allocated based on the types of assets in service and estimates of benefit to departments. Media expenses, printing and postage, other expenses, product resources, and royalties are allocated based upon estimates of the service type provided and benefits received. All of the methods described above are translated into percentages that are then used to allocate the categories across their program and supporting functions. Percentages used to allocate expenses are reviewed annually to ensure that they continue to accurately reflect the nature of the activities.

INCOME TAXES

ZOE determines its deferred tax provision under the liability method whereby deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts using presently enacted tax rates. The deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised.

3. INVENTORIES–NET:

Inventories–net consist of:

	December 31,	
	2020	2019
Product inventory	$ 1,741,204	$ 2,091,323
Supplies and materials	123,685	149,647
Donated gifts	25,649	25,474
	1,890,538	2,266,444
Less allowance for obsolete inventory	(20,000)	(20,000)
	$ 1,870,538	$ 2,246,444

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. LOI uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, LOI measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. As of December 31, 2020 and 2019, LOI had no Level 2 or Level 3 investments.

The following tables present the fair value measurements of investments recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis, and are considered Level 1 investments within the fair value hierarchy at December 31, 2020 and 2019:

	December 31,	
	2020	2019
Investments:		
Money market fund	$ 60,976	$ 67,654
Mutual funds:		
Value fund	543,491	520,430
Growth fund	671,634	438,051
Allocation fund	120,715	300,797
Bond fund	241,434	250,688
Foreign growth fund	369,712	186,807
Foreign value fund	100,851	107,858
Emerging market fund	108,292	93,330
Foreign blend fund	72,076	67,349
Real estate fund	39,579	42,851
Blend fund	26,172	-
	2,293,956	2,008,161
Total investments	$ 2,354,932	$ 2,075,815

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS, continued:

Valuation techniques:

Money market fund –fair value approximates the carrying value due to their short-term nature.

Mutual funds –fair value is based on quoted market prices in an active market.

Changes in methods and assumptions –None.

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	December 31,	
	2020	2019
Land and improvements	$ 1,007,408	$ 1,007,408
Buildings	9,775,246	9,775,246
Leasehold improvements	23,295	23,295
Transportation assets	8,793,107	8,857,266
Furniture and equipment	12,198,407	11,552,650
	31,797,463	31,215,865
Less accumulated depreciation and amortization	(25,208,298)	(23,764,339)
	6,589,165	7,451,526
Website in process	175,500	101,250
	$ 6,764,665	$ 7,552,776

5. PROPERTY AND EQUIPMENT–NET, continued:

Equity in property and equipment–net of related obligations consists of:

	December 31, 2020	December 31, 2019
Property and equipment–net	$ 6,764,665	$ 7,552,776
Less related obligations	(88,868)	(121,914)
	$ 6,675,797	$ 7,430,862

Total depreciation expense for the years ended December 31, 2020 and 2019, was $1,533,596 and $936,960 respectively. For the years ended December 31, 2020 and 2019, this included depreciation of $1,108,829 and $514,567 for LOI, respectively, and $424,767 and $422,393 for ZOE, respectively.

6. COMMITMENTS:

ZOE, in conjunction with its operations, has entered into commitments with minimum annual funding of approximately $273,445 through November 2021. The annual costs could be higher based upon ZOE's operations.

7. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the LOI's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year, including amounts set aside by management for the funding of LOI's annuity obligations and for long-term investment return production. The amounts set aside to meet annuity obligations or for long-term investment return could be drawn upon at management's discretion. All financial assets listed below are considered to be convertible to cash within one year.

	December 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	$ 17,797,416	$ 10,654,462
Miscellaneous receivables	26,520	30,259
Investments	2,354,932	2,075,815
Financial assets, at year-end	20,178,868	12,760,536
Less those unavailable for general expenditure within one year, due to:		
Investments held at management's discretion for the purpose of funding annuity obligations	(4,828)	(4,066)
Investments held at management's discretion for the purpose of long-term investment return	(1,568,423)	(1,326,586)
Financial assets available to meet cash needs for general expenditures within one year	$ 18,605,617	$ 11,429,884

LOI seeks to maintain flexibility and security when managing its liquidity. Accordingly, reserves are maintained in cash accounts. Other financial assets include investments and receivables. Investments are maintained in highly liquid asset categories. Receivables are expected to be received within the next twelve months. Investments are maintained primarily for the purpose of funding annuity obligations and providing returns on long-term financial reserves. LOI does not actively move funds from cash and cash equivalents to investments for the purpose of gaining returns on short to mid-term financial reserves. Receivables will be used to provide additional liquidity as payments are received

8. JOINT ACTIVITIES AND ALLOCATION OF JOINT COSTS:

The following information summarizes only the portion of total expenses that are considered to be "joint costs" of "joint activities" according to accounting standards. These costs do not include any broadcasting expenses related to special projects, such as Water for Life, because they are fully allocated to fundraising. The expenditures for these projects are reported as program expenses.

In 2020 and 2019, LOI conducted activities, more fully described below, that included appeals for contributions that incurred joint costs of $29,316,171 and $30,496,910, respectively. These activities included *Life Today* telecasts, events, constituent ministry materials and newsletters, and direct mail. Joint costs were:

	Year Ended December 31, 2020				
	Life Today Telecasts	Events	Constituent Ministry Materials and Newsletters	Direct Mail	Total
Program services:					
Media ministries– *Life Today*	$ 13,458,770	$ 75,742	$ 2,124,120	$ -	$ 15,658,632
Missions outreach and project ministries	-	84,655	674,473	-	759,128
Literature and audio/visual distribution ministries	1,489,276	10,520	2,610,594	1,174,971	5,285,361
Supporting activities:					
General and administrative	-	-	324,543	-	324,543
Fundraising	2,984,695	42,115	1,520,097	2,741,600	7,288,507
	$ 17,932,741	$ 213,032	$ 7,253,827	$ 3,916,571	$ 29,316,171

8. JOINT ACTIVITIES AND ALLOCATION OF JOINT COSTS, continued:

	Year Ended December 31, 2019				
	Life Today Telecasts	Events	Constituent Ministry Materials and Newsletters	Direct Mail	Total
Program services:					
Media ministries– *Life Today*	$ 14,070,206	$ 75,742	$ 2,124,120	$ -	$ 16,270,068
Missions outreach and project ministries	-	311,793	724,837	-	1,036,630
Literature and audio/visual distribution ministries	1,489,276	10,520	2,560,651	1,265,726	5,326,173
Supporting activities:					
General and administrative	-	-	295,533	-	295,533
Fundraising	3,052,633	53,586	1,508,928	2,953,360	7,568,507
	$ 18,612,115	$ 451,641	$ 7,214,069	$ 4,219,086	$ 30,496,911

Life Today telecasts –The *Life Today* telecast is the flagship ministry program of LOI. It is a half-hour program that is principally ministry in nature using a talk show and guest setting format. The ministry focus is upon current Christian issues and concerns. The hosts are James and Betty Robison who share the Gospel with the listening audience, including words of faith and encouragement to believers in the Lord Jesus Christ. Guests are regularly interviewed and include noted Christian authors, pastors, evangelists, business leaders, and others. At the end of each program, listeners are told that the telecast is a listener-supported ministry and advised how they may support *Life Today* with their gifts.

Events –Events consist of meetings and banquets held at sites throughout the country in which LOI invites donors and other guests for a time of ministry outreach and challenge, sharing about LOI's ministry, and an opportunity to support its work.

Constituent ministry materials and newsletters –Constituent ministry materials and newsletters include the distribution of books, audio/visual products, and other literature to donors and others.

Direct mail –Direct mail consists of mailings that are fundraising in nature but also include materials that are intended to fulfill ministry purposes by providing books, devotional products, and other material to serve and challenge Christians.

9. RELATED PARTY TRANSACTIONS:

As described in Note 1, LOI provided certain services to LOI Canada under the terms of a service agreement. During 2020 and 2019, LOI sold inventory to LOI Canada at its cost of approximately $185,000 and $139,000, respectively, which is included in product resource sales and associated fees in the accompanying consolidated statements of activities. LOI Canada reimbursed LOI approximately $7,800 and $0 for management and other services provided under the terms of the agreement for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, LOI recorded receivables from LOI Canada of approximately $26,000 and $29,000, respectively.

LOI utilizes marketing entities operated by an individual who is related to a current trustee. The services provided relate to strategy, ministry marketing, social media, and direct mail services. Annual marketing and representation fees paid by LOI during both the years ended December 31, 2020 and 2019, for these services was $1,758,000. Reimbursed costs for products, printing, call center, and mailing expenses incurred for the years ended December 31, 2020 and 2019, approximated $6,058,000 and $5,754,000, respectively. As of December 31, 2020 and 2019, amounts due were approximately $315,000 and $224,000, respectively.

LOI purchased approximately $89,000 and $251,000 during the years ended December 31, 2020 and 2019, respectively, for rental services and production from a company where the son of a former executive now serves in a consultant role as owner and operator.

10. EMPLOYEE BENEFIT PLANS:

RETIREMENT PLAN

LOI provides a defined contribution plan qualified under section 403(b)9 which allows eligible employees to participate through payroll deductions and provides an employer match ranging from 2% to 10%. LOI made contributions to the plan of approximately $430,000 and $375,000 during the years ended December 31, 2020 and 2019, respectively.

HEALTH BENEFIT PLAN

LOI provides medical group insurance through a health care provider for employees and eligible dependents. During the years ended December 31, 2020 and 2019, LOI paid medical insurance premium payments of approximately $1,590,000 and $1,335,000, respectively.

11. INCOME TAXES:

Utilizing a 21% enacted tax rate for both the years ending December 31, 2020 and 2019, ZOE's cumulative net operating losses create a deferred tax asset of $2,132,991 and $1,976,498, respectively. ZOE does not project generating sufficient taxable income to realize its deferred tax asset; therefore, ZOE has recorded the same amount as a valuation allowance.

12. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated financial position and results of LOI for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through June 4, 2021, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.