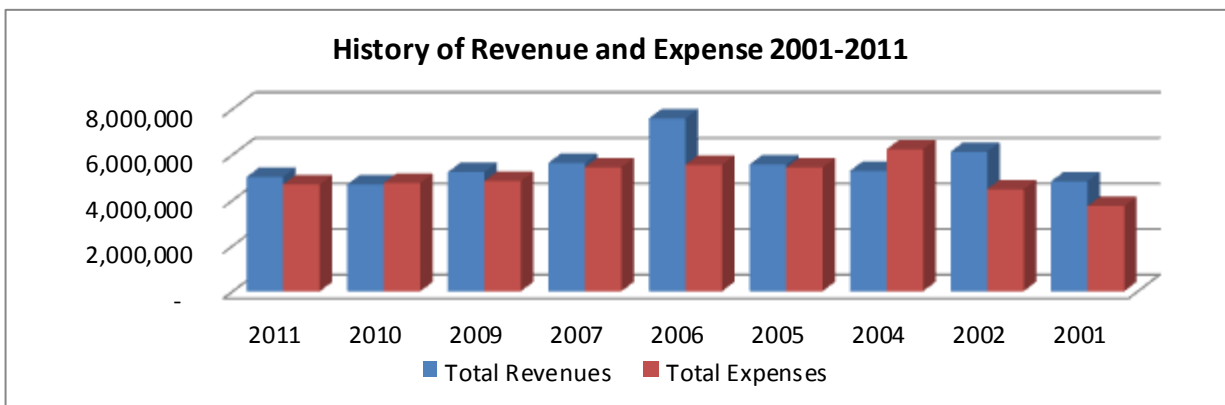


**Northwest Ministry Network  
Executive Summary of Financial Statements  
For the Year Ended December 31, 2011**

Due to the mixed financial performance of the economy many individuals and organizations continue to experience challenging financial times. The Northwest Ministry Network experienced a stable year in terms of income and our expenses were managed to allow for a strong gain overall.

The Network's financial performance through December 2011 ended with a cumulative gain of \$332,141. A contributor to the gain was the performance of the Networks investments (gain of \$40,822). Investment gains are predominantly for restricted purposes such as foreign and local missions and do not fund operations.

A very important question that the Network Leadership asks routinely is "are we living within our means?" In an organization like this it is a complicated question to answer. In any given year the financial statements may include various events such as revenue being raised in one year and spent in a later year, assets being sold producing an infusion of cash, or grants being given producing large one-time expenses. In recent years, systems have been developed to slice through these anomalies and to bring clarity to how the Network performed on an operational basis. In the case of 2011, the Network ended the year with an operational gain of \$257,725.



**Accountability**

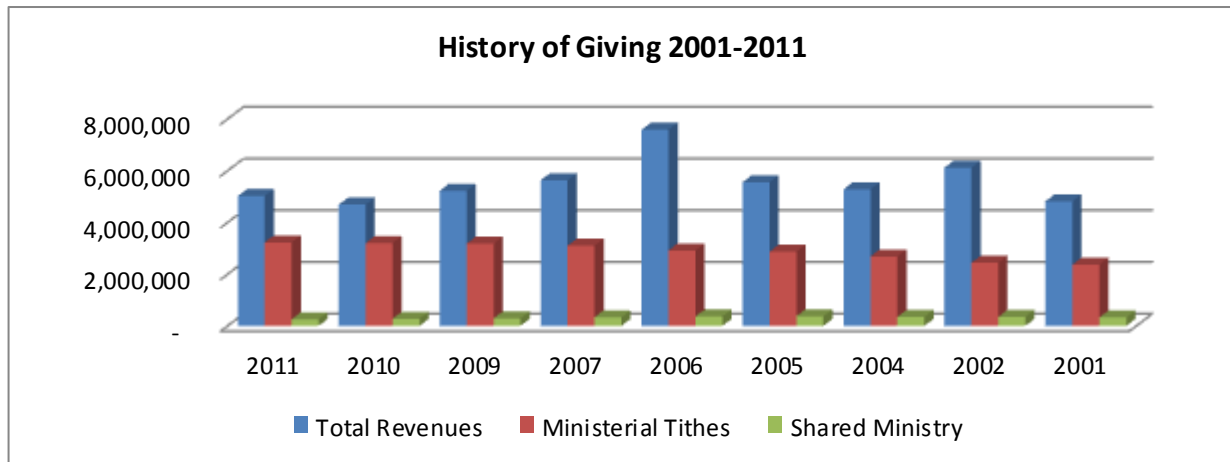
The Network is highly committed to accountability in its financial management. Along with the oversight of the Network Presbytery, Finance Committee, Investment Team, and ECFA (Evangelical Council for Financial Accountability), the Network also annually engages an outside firm to perform a full audit on its financial systems and records. The Network was given a “clean bill of financial health” in the 2011 audit which was performed by the firm *Henry A. Woods*, a specialist in non-profit accounting from Minneapolis, Minnesota. In July 2011 the Network also participated in an onsite field review by ECFA and the letter noted that the Network was “in full compliance with ECFA’s standards.”

**Giving Trends**

Many charities, churches and other non-profits struggled through 2011 with declining income levels. The Network ended 2011 with its two primary income streams seeing mixed performance. Tithe and shared ministry, in 2011 were 1% above (\$23,327.21) and 7% below (\$18,403.59) 2010, respectively.

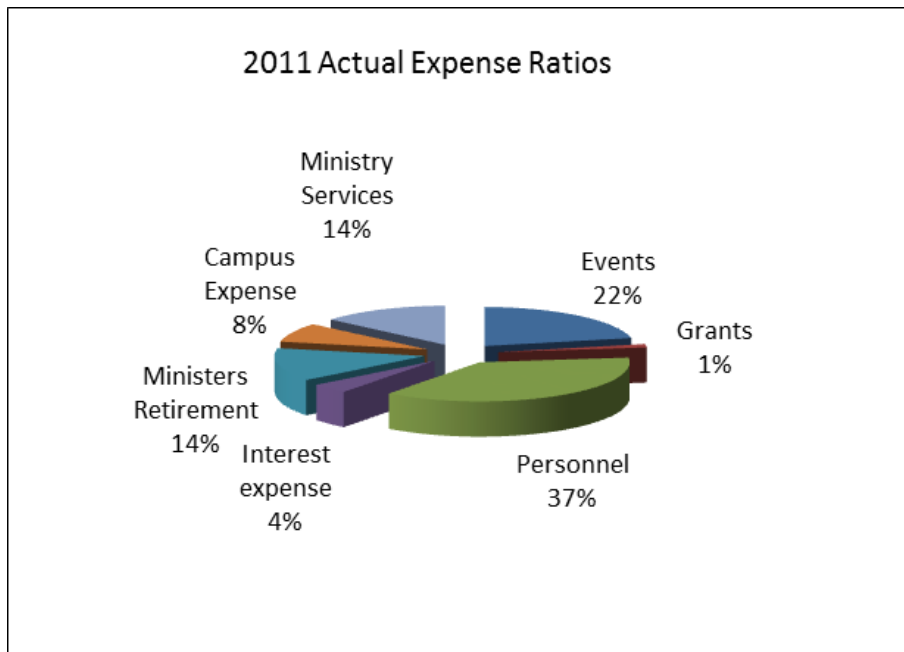
The average number of giving units for tithe in 2011 was 756 and shared ministry giving units averaged 106. The average gift size for tithe in 2011 was \$354.08 and the average shared ministry gift size was \$202.33. The average

gift size for tithes in 2011 was \$3.46 above the 2010 average gift size (\$350.62) and the average gift size for shared ministry was \$12.69 below the 2010 average gift size (\$215.02).



**Allocation of Expenses**

The Network carefully allocates the funds entrusted to its care to align with the organization’s values and mission. Funds are carefully managed against the annual budget as well as comparative benchmarks of similar organizations while careful analysis is given to ensure the funds are working hard to advance the cause of Christ. The graph below shows exactly how funds were spent in 2011.



**Northwest Ministry Network of the Assemblies of God**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 1,615,469	\$ 331,587
Agency Funds Held - ICM	1,034,415	765,229
Investments	2,697,080	2,725,549
Accounts Receivables	273,641	91,865
Notes and Contracts Receivable-Current Portion	35,000	33,000
Investments Held for Deferred Compensation	113,744	108,430
Prepaid Expenses	39,377	39,195
<b>Current Assets</b>	<b>5,808,726</b>	<b>4,094,855</b>
<b><u>LAND, BUILDINGS AND EQUIPMENT</u></b>		
Land	1,809,136	1,809,136
Buildings and Building Improvements	4,872,130	5,059,630
Furniture and Equipment	297,387	317,413
Total Cost	6,978,653	7,186,179
Less: Accumulated Depreciation	(1,079,499)	(1,154,968)
Net	5,899,154	6,031,211
<b><u>OTHER ASSETS</u></b>		
Properties Held in Trust	1,522,623	2,169,573
Properties Held for Sale	703,890	726,330
Permanently Restricted Investments	152,487	151,795
Temporarily Restricted Investments	338,484	280,152
Notes and Contracts Receivable-Long-Term Portion	21,847	56,100
Capitalized Finance Costs	40,156	42,281
Total Other Assets	2,779,487	3,426,231
<b>Total Assets</b>	<b>14,487,367</b>	<b>13,552,297</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	219,285	210,258
Current Portion of Long Term Debt	96,000	72,000
Death Benefit Fund	57,907	60,979
Deferred Compensation	113,744	108,430
Deferred Revenue	21,913	23,749
Accrued Interest Expense	16,016	12,490
Agency Funds - ICM	1,034,415	765,229
Total Current Liabilities	1,559,280	1,253,135
<b><u>LONG-TERM LIABILITIES</u></b>		
Mortgage Note Payable-First Citizens Bank	3,947,344	4,178,000
Total Long-Term Liabilities	3,947,344	4,178,000
<b><u>OTHER LIABILITIES</u></b>		
Properties Held in Trust	1,522,623	2,169,573
Total Liabilities	7,029,247	7,600,708
<b><u>NET ASSETS</u></b>		
Restricted:		
Permanently	152,487	151,795
Temporary	338,484	280,152
Total Restricted Net Assets	490,971	431,947
Unrestricted:		
Board Designated	2,464,855	1,348,523
Net Assets in Building and Equipment	1,879,950	1,811,002
Non-designated	2,622,344	2,360,117
Total Unrestricted Net Assets	6,967,149	5,519,642
Total Net Assets	7,458,120	5,951,589
<b>Total Liabilities and Net Assets</b>	<b>14,487,367</b>	<b>13,552,297</b>

**Northwest Ministry Network of the Assemblies of God**  
**Statement of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2011 and 2010**

<b><u>CHANGE IN UNRESTRICTED NET ASSETS</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>SUPPORT AND REVENUE</u></b>		
Ministerial Tithes	\$ 3,226,138	\$ 3,202,811
Events and Projects	833,525	801,991
Other Income	297,938	328,550
Shared Ministry	257,410	275,814
Rental Income	411,033	307,218
Contributions and Offerings	26,119	34,455
Designated for Northwest University	-	108
Released from Temporarily Restricted Net Assets	<u>504,569</u>	<u>523,342</u>
Total Support and Revenue	<u>5,556,732</u>	<u>5,474,289</u>
<b><u>OPERATING EXPENSES</u></b>		
Personnel costs	1,745,894	1,725,677
Events	1,016,322	969,210
Grants	799,222	772,014
Ministers retirement	645,228	640,562
Ministry services	605,321	697,259
Campus expenses	<u>239,337</u>	<u>240,128</u>
Total Operating Expenses	<u>5,051,324</u>	<u>5,044,850</u>
Change in Net Assets Before Other Changes	<u>505,408</u>	<u>429,439</u>
<b><u>OTHER CHANGES</u></b>		
Investment (Income) Loss	(40,822)	(319,885)
Facility Expenses - Ballard	22,440	-
Proceeds from Sale of Former Member Church Properties	(1,293,018)	-
Writeoff of Capitalized Finance Costs	-	35,115
Realized Loss on Sale of Odessa Property	-	8,598
Realized Loss on Sale of Leavenworth Property	-	98,292
Property Transferred by Closed Churches	-	(353,230)
Depreciation and Amortization Expense	134,182	136,067
Interest Expense	192,551	306,159
Bad Debt Expense	<u>42,568</u>	<u>80,634</u>
Total Other Changes	<u>(942,099)</u>	<u>(8,250)</u>
Change in Unrestricted Net Assets	<u>1,447,507</u>	<u>437,689</u>
<b><u>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Contributions	562,901	546,686
Released to Unrestricted Net Assets	<u>(504,569)</u>	<u>(523,342)</u>
Change in Temporarily Restricted Net Assets	<u>58,332</u>	<u>23,344</u>
<b><u>CHANGE IN PERMANENTLY RESTRICTED NET ASSETS</u></b>		
Contributions	<u>692</u>	<u>2,514</u>
<b>Change in Net Assets</b>	1,506,531	463,547
Net Assets - Beginning of the Year	<u>5,951,589</u>	<u>5,488,042</u>
Net Assets - End of the Year	<u>7,458,120</u>	<u>5,951,589</u>

**Northwest Ministry Network of the Assemblies of God**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ 1,506,531	\$ 463,547
Items That are not a Source or Use of Cash:		
Depreciation and Amortization	134,182	136,068
Decrease in Value of Property Held for Sale	22,440	-
Property Transferred by Closed Churches	-	(369,244)
Write off of Old Capitalized Finance Costs	-	35,115
Loss on Sale of Odessa property	-	8,598
Loss on Sale of Leavenworth property	-	98,292
Unrealized (Gain) Loss on Investments	32,905	(260,949)
Realized (Gain) Loss on Sale of Investments	16,886	21,685
Temporarily Restricted Contributions	(562,487)	(546,686)
Other Changes:		
Accounts Receivable	(182)	953
Prepaid Expenses	(182)	284
Accounts Payable	9,027	11,552
Accrued Interest Expense	3,526	12,490
Death Benefit Payable	(3,072)	(4,288)
Deferred Revenue	(1,836)	19,865
<b>CASH FLOWS-OPERATING ACTIVITIES</b>	<u>976,144</u>	<u>(372,718)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Change in Investments	(80,346)	(138,449)
Proceeds on Sale of Odessa Property	-	22,402
Proceeds on Sale of Leavenworth Property	-	61,739
Decrease in Notes Receivable	32,253	25,460
Capital Additions	-	(122,971)
<b>CASH FLOWS-INVESTING ACTIVITIES</b>	<u>(48,093)</u>	<u>(151,819)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Temporarily Restricted Contributions	562,487	546,686
Capitalized Finance Costs Incurred	-	(42,500)
Proceeds from Refinancing of Long-Term Debt	-	4,250,000
Principal Payments on Notes Payable	(206,656)	(4,355,140)
<b>CASH FLOWS-FINANCING ACTIVITIES</b>	<u>355,831</u>	<u>399,046</u>
Change in Cash and Cash Equivalents	<u>1,283,882</u>	<u>(125,491)</u>
Cash and Cash Equivalents - Beginning	<u>331,587</u>	<u>457,078</u>
Cash and Cash Equivalents - Ending	<u>1,615,469</u>	<u>331,587</u>
Cash Paid for Interest	<u>\$ 189,025</u>	<u>\$ 293,669</u>