



TURKISH WORLD OUTREACH

FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2008 and 2007

## CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS .....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION .....	2
STATEMENTS OF ACTIVITIES .....	3
STATEMENTS OF CASH FLOWS .....	4
STATEMENTS OF FUNCTIONAL EXPENSES .....	5
NOTES TO FINANCIAL STATEMENTS .....	7



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

August 28, 2009

Board of Directors  
Turkish World Outreach

We have audited the accompanying statements of financial position of Turkish World Outreach (a non-profit organization) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Turkish World Outreach's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Turkish World Outreach as of December 31, 2007, were audited by other auditors whose report dated July 31, 2008, expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turkish World Outreach as of December 31, 2008 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Turkish World Outreach

STATEMENTS OF FINANCIAL POSITION

December 31,

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 312,638	\$ 230,601
Supply inventory	6,160	11,720
Total current assets	<u>318,798</u>	<u>242,321</u>
PROPERTY, PLANT AND EQUIPMENT,		
net of accumulated depreciation of \$85,293 and \$77,496	<u>123,251</u>	<u>126,957</u>
Total assets	<u>\$ 442,049</u>	<u>\$ 369,278</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 18,625	\$ 13,530
Total current liabilities	<u>18,625</u>	<u>13,530</u>
NET ASSETS		
Unrestricted	334,628	214,520
Temporarily restricted	88,796	141,228
Total net assets	<u>423,424</u>	<u>355,748</u>
Total liabilities and net assets	<u>\$ 442,049</u>	<u>\$ 369,278</u>

The accompanying notes are an integral part of these statements.

Turkish World Outreach

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2008	2007
Revenues and support		
Contributions	\$ 169,728	\$ 160,810
Rental	8,545	8,346
Interest	4,573	5,472
Net assets released from restrictions	1,157,710	1,155,820
Total revenues and support	<u>1,340,556</u>	<u>1,330,448</u>
Expenses		
Program services		
Turkish World Outreach workers	774,237	838,396
Turkish projects	188,540	258,363
Total program services	<u>962,777</u>	<u>1,096,759</u>
Supporting services		
General and administrative	231,114	176,181
Fund raising- direct	6,224	4,247
Fund raising- indirect	20,333	20,032
Total supporting services	<u>257,671</u>	<u>200,460</u>
Total expenses	<u>1,220,448</u>	<u>1,297,219</u>
Increase (decrease) in unrestricted net assets	120,108	33,229
Temporarily restricted net assets		
Contributions:		
Home staff	210,702	213,975
Field staff	690,876	676,508
Outreach/ assistance	203,700	264,621
Net assets released from restrictions		
Restrictions satisfied by payment	(1,157,710)	(1,155,820)
Increase (decrease) in restricted net assets	<u>(52,432)</u>	<u>(716)</u>
Increase (decrease) in net assets	67,676	32,513
Net assets January 1	<u>355,748</u>	<u>323,235</u>
Net assets December 31	<u>\$ 423,424</u>	<u>\$ 355,748</u>

The accompanying notes are an integral part of these statements.

Turkish World Outreach

STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Interest income received	4,573	5,472
Contributions	1,275,006	1,314,546
Rent income received	8,545	8,346
Cash paid to suppliers and employees	<u>(1,200,735)</u>	<u>(1,279,860)</u>
Net cash provided (used) by operating activities	87,389	48,504
Cash flows from investing activities:		
Purchase of property and equipment	<u>(5,352)</u>	<u>(3,275)</u>
Net cash provided (used) by investing activities	<u>(5,352)</u>	<u>(3,275)</u>
Net increase (decrease) in cash	82,037	45,229
Cash at beginning of year	<u>230,601</u>	<u>185,372</u>
Cash at end of year	<u>\$ 312,638</u>	<u>\$ 230,601</u>
 <u>Reconciliation of change in net assets</u> <u>to net cash provided by operating activities</u>		
Change in net assets	\$ 67,676	\$ 32,513
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,679	7,995
Loss on disposal of equipment	379	-
(Increase) decrease in supply inventory	5,560	(1,368)
Increase (decrease) in accounts payable	<u>5,095</u>	<u>9,364</u>
Net cash provided (used) by operating activities	<u>\$ 87,389</u>	<u>\$ 48,504</u>

The accompanying notes are an integral part of these statements.

Turkish World Outreach

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2008 with comparative totals for December 31, 2007

	Program Services		Fundraising			2008 Totals	2007 Totals
	Turkish World Outreach Workers	Turkish Projects	Direct	Indirect	General & Administrative		
Salaries and compensation	\$ 679,138	-	\$ -	\$ 16,060	\$ 107,784	\$ 802,982	\$ 905,999
Postage	5,443	-	1,512	281	8,332	15,568	15,974
Printing	6,689	-	4,712	475	16,589	28,466	20,229
Utilities	-	-	-	210	10,293	10,503	10,347
Office expense	-	-	-	61	2,987	3,048	2,472
Equipment maintenance	-	-	-	238	11,669	11,907	10,873
Building maintenance	-	-	-	236	11,564	11,800	8,416
Miscellaneous expenses	33,234	-	-	1,116	21,471	55,821	19,817
Travel, training & conferences	49,733	-	-	1,655	31,367	82,755	36,734
Depreciation	-	-	-	-	9,058	9,058	7,995
Children's ministry	-	5,319	-	-	-	5,319	11,228
Publications and media	-	41,915	-	-	-	41,915	67,274
Humanitarian aid	-	31,379	-	-	-	31,379	95,373
Turkish church assistance	-	109,927	-	-	-	109,927	84,488
	<u>\$ 774,237</u>	<u>\$ 188,540</u>	<u>\$ 6,224</u>	<u>\$ 20,333</u>	<u>\$ 231,114</u>	<u>\$ 1,220,448</u>	<u>\$ 1,297,219</u>

The accompanying notes are an integral part of these statements.

Turkish World Outreach

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2007 with comparative totals for December 31, 2006

	Program Services		Fundraising		General & Administrative	2007 Totals	2006 Totals
	Turkish World Outreach Workers	Turkish Projects	Direct	Indirect			
Salaries and compensation	\$ 805,030	-	\$ -	\$ 18,120	\$ 82,849	\$ 905,999	\$ 838,055
Postage	5,484	-	1,946	281	8,263	15,974	13,989
Printing	5,230	-	2,301	359	12,339	20,229	27,044
Utilities	-	-	-	207	10,140	10,347	11,148
Office expense	-	-	-	49	2,423	2,472	2,441
Equipment maintenance	-	-	-	217	10,656	10,873	11,646
Building maintenance	-	-	-	168	8,248	8,416	9,110
Miscellaneous expenses	3,558	-	-	412	15,847	19,817	12,413
Travel, training & conferences	19,094	-	-	219	17,421	36,734	58,038
Depreciation	-	-	-	-	7,995	7,995	7,646
Children's ministry	-	11,228	-	-	-	11,228	23,961
Publications and media	-	67,274	-	-	-	67,274	68,174
Humanitarian aid	-	95,373	-	-	-	95,373	19,518
Turkish church assistance	-	84,488	-	-	-	84,488	123,251
	<u>\$ 838,396</u>	<u>\$ 258,363</u>	<u>\$ 4,247</u>	<u>\$ 20,032</u>	<u>\$ 176,181</u>	<u>\$ 1,297,219</u>	<u>\$ 1,226,434</u>

The accompanying notes are an integral part of these statements.

Turkish World Outreach

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Organization

Turkish World Outreach (the Organization) is a not-for-profit corporation that provides missionaries and evangelical support to Turkish people by receipt of contributions to specific missionaries in Turkey and by providing administrative services for those missionaries. The Organization also provides evangelical support and supplies to Turkish people through contributions.

2. Basis of accounting

The financial statements are presented in accordance with generally accepted accounting principles on an accrual basis of accounting. Revenues are recorded when earned or donated and expenditures are recorded when they are incurred.

3. Property and equipment

Property and equipment are recorded at cost and donated assets are recorded at the estimated fair value at the time of the gift. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets as follows:

Buildings	40 years
Building improvements	10-15 years
Equipment	5-7 years

Property and equipment having an estimated useful life of greater than one year is capitalized. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred.

4. Financial statement presentation

The Organization applies Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

5. Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Turkish World Outreach

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from the estimates.

7. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity date of 3 months or less to be cash equivalents.

8. Inventory

Inventory consists of promotional material including books, videos and pamphlets. Inventory is recorded on a cost basis.

9. Functional expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditures classification. Other expenses that are common to several functions are allocated by various statistical bases.

10. Advertising costs

Advertising costs are expensed as incurred.

11. Contributions

Contributions including unconditional promises to give, are recognized in the period received. A temporarily restricted contribution generally is recognized when received and is reclassified from temporarily restricted net assets to unrestricted net assets when the donor's restriction is satisfied or the stipulated time has elapsed.

Turkish World Outreach  
NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

**NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2008	2007
Building and improvements	\$ 154,549	\$ 154,549
Equipment	30,395	26,304
	184,944	180,853
Less accumulated depreciation	(85,293)	(77,496)
	99,651	103,357
Land	23,600	23,600
	\$ 123,251	\$ 126,957

Depreciation expense for 2008 and 2007 was \$8,679 and \$7,995, respectively.

**NOTE C - CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at one financial institution. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000 for 2008 and \$100,000 for 2007. At December 31, 2008 and 2007 the Organization had uninsured cash balances of \$34,258 and \$130,601, respectively.

**NOTE D – RESTRICTIONS ON NET ASSETS**

Restrictions on net assets at the end of 2008 relate to the Organization's activities of providing missionaries and evangelical support to Turkish people.

Temporarily restricted net assets were available for the following purposes at December 31, 2008 and 2007:

	2008	2007
Home Staff	\$ 40,958	\$ 40,958
Field Staff	14,124	30,556
Outreach and Assistance	33,714	69,714
	\$ 88,796	\$ 141,228