KPMG

THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS

Consolidated Financial Statements

March 31, 2016

(With Independent Auditors' Report Thereon)

KPMG

KPMG LLP
Suite 1900
440 Monticello Avenue
Norfolk, VA 23510

Independent Auditors' Report

The Board of Directors
The Christian Broadcasting Network, Inc.:

We have audited the accompanying consolidated financial statements of The Christian Broadcasting Network, Inc. and affiliated organizations, which comprise the consolidated statement of financial position as of March 31, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 audit. 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 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 auditors' 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Christian Broadcasting Network, Inc. and affiliated organizations as of March 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

July 14, 2016

THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS

Consolidated Statement of Financial Position

March 31, 2016

Assets

Current assets:		
Cash and cash equivalents (note 7)	$	37,693,011
Investments (notes 2 and 7)		12,228,392
Contributions receivable, net (note 3)		55,652,201
Accounts receivable (net of allowance of $8,300)		1,877,258
Prepaid expenses and other		4,942,279
Gifts-in-kind inventories		35,960,085
Total current assets		148,353,226
Property and equipment, net (notes 4, 8 and 9)		97,769,295
Fiduciary assets (notes 5 and 7)		10,587,511
Long-term contributions receivable, net (note 3)		4,290,757
Other assets (note 6)		17,421,642
Total assets	$	278,422,431

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	$	23,102,645
Current maturities of long-term debt (note 8)		2,836,317
Deferred gifts-in-kind revenue		35,960,085
Other current liabilities (note 9)		498,528
Total current liabilities		62,397,575
Fiduciary liabilities (note 5)		6,833,641
Long-term debt, excluding current portion (note 8)		59,165,449
Other long-term liabilities (note 9)		665,047
Total liabilities		129,061,712
Net assets:		
Unrestricted		79,847,798
Temporarily restricted (note 11)		68,768,773
Permanently restricted (note 11)		744,148
Total net assets		149,360,719
Commitments and contingencies (notes 9 and 14)		
Total liabilities and net assets	$	278,422,431

See accompanying notes to consolidated financial statements.

THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS

Consolidated Statement of Activities

Year ended March 31, 2016

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Ministry support and other revenue:				
Ministry support	$ 240,935,369	73,916,300	—	314,851,669
Gifts-in-kind	286,720,357	—	—	286,720,357
Investment loss, net (note 2)	(3,369,708)	—	—	(3,369,708)
Other revenue	1,627,166	—	—	1,627,166
	525,913,184	73,916,300	—	599,829,484
Net assets released from restrictions (note 12)	78,836,984	(78,836,984)	—	—
Total ministry support and revenue	604,750,168	(4,920,684)	—	599,829,484
Ministry and program expenses:				
Evangelistic outreach – domestic	104,848,363	—	—	104,848,363
Evangelistic outreach – international	134,826,585	—	—	134,826,585
Operation blessing and humanitarian relief	305,572,773	—	—	305,572,773
Prayer ministry	15,428,388	—	—	15,428,388
Worldwide distribution of religious materials	1,116,503	—	—	1,116,503
Education and training	1,276,699	—	—	1,276,699
Donations to others to further the Gospel	1,539,917	—	—	1,539,917
Total ministry and program expenses	564,609,228	—	—	564,609,228
Supporting services:				
Fundraising	30,639,369	—	—	30,639,369
General and administrative	16,680,623	—	—	16,680,623
Total supporting services	47,319,992	—	—	47,319,992
Other activities:				
Land development:				
Revenues	7,811,566	—	—	7,811,566
Operating expenses	(5,316,268)	—	—	(5,316,268)
Depreciation and amortization	(2,413,998)	—	—	(2,413,998)
Land development activities, net	81,300	—	—	81,300
Gain on sale of long-lived assets	5,805,778	—	—	5,805,778
Changes in split-interest agreements (note 5)	—	(227,640)	(61,661)	(289,301)
Total other activities	5,887,078	(227,640)	(61,661)	5,597,777
Decrease in net assets	(1,291,974)	(5,148,324)	(61,661)	(6,501,959)
Net assets at beginning of year	81,139,772	73,917,097	805,809	155,862,678
Net assets at end of year	$ 79,847,798	68,768,773	744,148	149,360,719

See accompanying notes to consolidated financial statements.

THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS

Consolidated Statement of Cash Flows

Year ended March 31, 2016

Cash flows from operating activities:		
Decrease in net assets	$	(6,501,959)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization		14,191,140
Gain on sale of long-lived assets		(7,472,046)
Loss on disposal of other property and equipment		153,052
Loss due to currency conversion, net		236,615
Investment loss, net		3,369,708
Changes in assets and liabilities:		
Accounts receivable		304,256
Contributions receivable		3,665,441
Prepaid expenses and other		(921,262)
Fiduciary assets		1,006,797
Other assets		(3,974,326)
Accounts payable and accrued liabilities		1,359,717
Fiduciary liabilities		(246,644)
Other liabilities		30,004
Net cash provided by operating activities		5,200,493
Cash flows from investing activities:		
Proceeds from sale of investments		2,027,368
Purchases of investments		(896,810)
Purchases of property and equipment		(25,917,331)
Proceeds from sale of long-lived assets		10,500,000
Proceeds from sale of other property and equipment		44,130
Net cash used in investing activities		(14,242,643)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt		21,426,940
Payments on long-term debt		(6,235,134)
Net cash provided by financing activities		15,191,806
Increase in cash and cash equivalents		6,149,656
Cash and cash equivalents at beginning of year		31,543,355
Cash and cash equivalents at end of year	$	37,693,011
Supplemental disclosures of noncash operating and investing activities:		
Revaluation of international property and equipment due to change in conversion rates	$	(236,615)
Acquisition of property and equipment in accounts payable at year-end		25,077
Contribution of assets held for investment		(40,879)
Contribution of property and equipment		(60,000)
Acquisition of property and equipment from issuance of other liabilities		228,475

See accompanying notes to consolidated financial statements.

(1) The Organization and Summary of Significant Accounting Policies

(a) Organization

The mission of The Christian Broadcasting Network, Inc. and its affiliated organizations (CBN or the Ministry) is to preach the gospel of Jesus Christ to all the world as a witness unto all nations (see Matthew 24:14). In achieving this mission, CBN's chief method is the strategic use of mass communication, especially television (both domestic and international), the internet, and the distribution of teaching materials in the form of CDs, DVDs, films, animation, and literature. CBN's purpose is to train the young and old on the principles of the Kingdom of God, and their application to everyday life. The Ministry also provides prayer ministry, financial, medical and humanitarian aid to the needy 365 days a year, worldwide.

(b) Basis of Presentation

The consolidated financial statements include The Christian Broadcasting Network, Inc. and its subsidiaries and affiliated organizations under common control. All significant intercompany transactions and accounts have been eliminated. The consolidated financial statements of the Ministry have been prepared on the accrual basis of accounting.

These consolidated financial statements have been prepared to focus on the Ministry as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Net assets and revenues, gains, and losses, are classified based on the existence or absence of donor-imposed restrictions. The Ministry's net assets are segregated into three net asset groups:

Unrestricted net assets – Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met by actions of the Ministry and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Ministry. Investment income and unrealized gains and losses from these funds can be either restricted or unrestricted.

Revenues are reported as increases in the unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Contributions received and contributions receivable with donor-imposed time or purpose restrictions are reported as increases to temporarily or permanently restricted net assets. Realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors. 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 from temporarily restricted net assets to unrestricted net assets (note 12). Temporary restrictions on gifts to acquire long-lived assets are considered met in the period the assets are placed in service.

(c) Cash and Cash Equivalents

The Ministry considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents that are utilized within a managed investment portfolio are accounted for as investments. Cash equivalents consisting of certificates of deposit and money market funds totaled $21,646,668 at March 31, 2016. Included in cash and cash equivalents is $255,047 at March 31, 2016, in proceeds from bank note borrowings to be used for capital purchases.

(d) Investments

Investments are stated at fair value based on quoted market prices. Realized gains and losses are derived using the specific-identification method and are included in investment loss, net in the accompanying consolidated statement of activities.

(e) Contributions Receivable

Contributions receivable to the Ministry are recognized as revenues in the period the unconditional promise is made by the donor. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the promise. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions receivable from irrevocable trusts and estate interests are recorded at CBN’s percent interest in the estimated fair value based on the fair value of the underlying assets.

(f) Gifts-in-Kind

Gifts-in-kind primarily comprise medicines, school and medical supplies, canned and packaged food, produce, clothing, and other relief products. Gifts-in-kind are recorded at their estimated fair wholesale value when received. There is inherent uncertainty in determining the fair value of donated products. Gifts-in-kind revenue and expense are recognized in the year in which the product is distributed. Amounts at the end of the fiscal year that have not been distributed are included in gifts-in-kind inventories and deferred gifts-in-kind revenue. Expenses associated with these items are predominantly included in Operation Blessing and humanitarian relief in the accompanying consolidated statement of activities based on the fair value of the gifts-in-kind donated.

(g) Property and Equipment

Property and equipment are stated at cost or at estimated fair value at the date of gift if acquired by gift, less accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are: buildings and improvements, 40 years; production and transmission equipment, 6 years; information technology and other equipment, 6 years; and office furniture and fixtures, 10 years. The cost and associated accumulated depreciation of property sold or retired is removed from the accounts and any gain or loss is reflected in the accompanying consolidated statement of activities.

(h) Fiduciary Assets and Liabilities

CBN is the beneficiary of various revocable and irrevocable trusts. Assets in irrevocable trusts, which are controlled by CBN, and related deferred income and estimated beneficial interests to others, are recorded as assets and liabilities, respectively, and recognized as contribution revenue at the present value of future distributions to the Ministry in the fiscal year the trust is established. The change in fair value of CBN’s interest in irrevocable trusts is included in changes in split-interest agreements in the accompanying consolidated statement of activities. Trusts that are revocable in nature are not reflected in CBN’s consolidated financial statements until the trust assets are received.

(i) Other Assets

Other assets comprises certain long-lived assets held for the benefit of the Ministry and are recorded at cost, cost of development, or estimated fair value of the gift, if acquired by gift. Assets held for use by the Ministry are amortized over their estimated beneficial lives.

(j) Allocation of Expenses

The Ministry allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated based on various statistical bases, such as content and purpose. Total joint costs and respective allocations are as follows for the year ended March 31, 2016:

Evangelistic outreach – domestic	$	71,124,226
Evangelistic outreach – international		3,753,891
Operation Blessing and humanitarian relief		233,149
Prayer ministry		6,054,953
Worldwide distribution of religious materials		1,116,503
Education and training		1,276,699
Fundraising		25,048,896
General and administrative		6,512,936
Total joint costs	$	115,121,253

The types of activities for which joint costs have been incurred are program airtime, direct mail, utilities, maintenance, depreciation and amortization, development, and information technology.

(k) Bartered Airtime

The Ministry recognizes the estimated fair value of international airtime received in exchange for providing program content as ministry support and international evangelistic outreach. The amount recognized in the accompanying consolidated statement of activities was approximately $76,037,000 for the year ended March 31, 2016.

(l) Noncash Transactions

Gifts-in-kind inventories and deferred gifts-in-kind revenue totaled $35,960,085 at March 31, 2016.

(m) Income Taxes

CBN is classified as an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Contributions to CBN qualify for a charitable contribution deduction to the extent provided by the law. CBN is subject to taxes on its unrelated business income. Substantially all of the taxes on unrelated business income were offset by the utilization of net operating loss carryforwards. As of March 31, 2016, CBN has unused net operating loss carryforwards available to offset future tax liabilities. The carryforwards expire at various dates principally through 2035. Management has recorded a full valuation allowance of $12,206,842 as of March 31, 2016, for the future tax benefit of the related deferred tax asset.

The Ministry recognizes or derecognizes its tax positions based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Ministry does not believe its consolidated financial statements include or reflect any uncertain tax positions.

(n) Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be presented separately in the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(o) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management of the Ministry to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the consolidated financial statement and revenues and expenses recognized during the reporting periods. Significant items subject to such estimates and judgments include: the valuation of contributions and accounts receivable; future distributions from fiduciary assets: bartered airtime; gifts-in-kind contributions; the estimated useful life of property and equipment and other long-lived assets; and the allocation of joint costs. Actual results could differ from those estimates.

(Continued)

(p) Subsequent Events

The preparation of consolidated financial statements in conformity with GAAP requires entities to evaluate events that occur after the balance sheet date but before the consolidated financial statements are issued for potential recognition or disclosure. Entities are required to disclose the date through which subsequent events were evaluated, as well as the rationale for why that date was selected. In preparing these consolidated financial statements, the Ministry has evaluated events and transactions for potential recognition or disclosure through July 14, 2016, the date the consolidated financial statements were available to be issued.

(q) Adjustment to Prior Year Net Asset Classifications

During 2016, management determined that the Ministry's contributions receivable due within one year of the reporting date should be reported as temporarily restricted net assets to reflect the donor-imposed time restrictions associated with promises due in the future. Previously, such short-term contributions receivable were reported as unrestricted net assets. To correct this error, the Ministry has reclassified $54,846,974 of March 31, 2015 net assets from unrestricted net assets to temporarily restricted net assets.

(2) Investments

Investments consist of the following at March 31, 2016:

Cash and cash equivalents	$	727,210
Domestic equity securities		9,303,541
Fixed income funds		3,634,400
Gold and silver		984,250
Margin loan		(2,421,009)
	$	12,228,392

Investment loss, net consists of the following for the year ended March 31, 2016:

Interest	$	6,423
Margin loan interest expense		(71,403)
Dividends		785,709
Net realized losses		(2,681,502)
Net unrealized losses		(1,408,935)
	$	(3,369,708)

(3) Contributions Receivable

The Ministry has contributions receivable of $60,137,788 as of March 31, 2016. Contributions receivable expected to be received after one year are netted against a present value discount of 3.5% equal to $194,830. Contributions receivable at March 31, 2016 are expected to be received as follows:

Within one year	$	55,652,201
One to five years		4,290,757
Thereafter		—
	$	59,942,958

(4) Property and Equipment, Net

Property and equipment and accumulated depreciation and amortization consist of the following at March 31, 2016:

Land and improvements	$	23,153,190
Buildings and improvements		105,400,360
Production and transmission equipment		49,983,621
Information technology and other equipment		66,359,448
Office furniture and fixtures		11,801,792
		256,698,411
Less accumulated depreciation and amortization		(158,929,116)
	$	97,769,295

Property and equipment includes buildings and equipment acquired under existing financing agreements of $10,486,260 at March 31, 2016. Related accumulated depreciation and amortization amounted to $2,680,140.

Property and equipment also includes land, land improvements, buildings, and equipment acquired under existing financing agreements in the amount of $51,801,550 at March 31, 2016, for two multi-unit residential housing complexes. Related accumulated depreciation and amortization amounted to $3,964,901.

(5) Fiduciary Assets and Liabilities

Fiduciary assets and liabilities comprise the following at March 31, 2016:

Charitable remainder unitrusts managed	$	6,063,652
Split-interest agreements		4,523,859
Assets	$	10,587,511
Funds managed for other beneficiaries	$	(1,603,348)
Estimated payments due to donors		(5,230,293)
Liabilities	$	(6,833,641)

The change in value of split-interest agreements for temporarily restricted net assets was $(227,640) and for permanently restricted net assets was $(61,661) for the fiscal year ended March 31, 2016. Discount rates used to calculate the present value of these assets are the fixed rates associated with each agreement and range from 5% to 10%.

(6) Capitalized Film Costs

The Ministry is engaged in the creation of children's animation for distribution via DVDs, broadcast television and the internet. The costs of program development are capitalized when incurred and amortized over an estimated economic life of five years. Capitalized film costs, net, consist of the following at March 31, 2016, and is included in other assets on the consolidated statement of financial position:

Capitalized film costs	$	24,703,023
Less accumulated amortization		(10,829,458)
	$	13,873,565

(7) Fair Value Measurement of Assets and Liabilities

The carrying amount of cash and cash equivalents, accounts receivable, prepaid expenses and other assets, accounts payable and accrued liabilities, and other current liabilities reported in the consolidated statement of financial position approximates fair value due to the short maturity of these instruments. The carrying value of contributions receivable, fiduciary assets and fiduciary liabilities approximates fair value, since the expected cash flows have been present valued. Also, the carrying value of certain long-term debt and other long-term liabilities approximates fair value due to either their short-term nature or variable interest rates. The carrying value of the debt maturing July 2024 and April 2054 approximates fair value due to low fluctuation of interest rates.

Financial assets and liabilities measured at fair value on a recurring basis are classified and disclosed in one of the following three categories known as the "Fair Value Hierarchy:"

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Ministry has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are primarily unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables present assets and liabilities that are measured at fair value on a recurring basis:

	March 31, 2016	Level 1	Level 2	Level 3
Certificates of deposit and money market funds	$ 21,646,668	21,646,668	—	—
Investments:				
Equity securities	9,303,541	9,303,541	—	—
Fixed income funds	3,634,400	3,634,400	—	—
Gold and silver	984,250	984,250	—	—
Margin loan	(2,421,009)	(2,421,009)	—	—
Fiduciary assets	10,587,511	10,587,511	—	—
	$ 43,735,361	43,735,361	—	—

There were no transfers between Levels 1, 2 or 3 during the year ended March 31, 2016. There were no assets or liabilities measured at fair value on a nonrecurring basis at March 31, 2016.

(8) Long-Term Debt

Long-term debt consists of the following at March 31:

Bank notes payable, notes collateralized by equipment, bear interest at variable rates ranging from 2.51% to 2.69% maturing at various dates through July 2017	$	872,402
Term and life notes bear interest at rates ranging from 4.5% to 9% payable on demand		966,929
Nonrecourse mortgage loan, collateralized by land and buildings associated with multi-unit residential housing complex, guaranteed by U.S. Department of Housing and Urban Development, bears interest at a rate of 3.75% maturing April 2054		34,336,722
Mortgage loan, collateralized by land and a commercial office building, bears interest at a rate of 4.5%, maturing July 2024		4,662,047
Term note, collateralized by land and buildings associated with a multi-unit residential housing complex, bears interest at one-month Libor plus 2.5%, maturing August 2016 (as noted below, this term note was refinanced subsequent to year end)		21,163,666
		62,001,766
Less current maturities		(2,836,317)
	$	59,165,449

Total interest incurred and paid in fiscal year 2016 was $2,203,686.

Aggregate annual maturities of long-term debt at March 31, 2016 are as follows:

Year ending March 31:		
2017	$	2,836,317
2018		1,393,496
2019		1,315,635
2020		1,361,290
2021		1,413,411
Thereafter		53,681,617
	$	62,001,766

Subsequent to year-end, the Ministry refinanced the term note due August 2016 with a nonrecourse mortgage loan, guaranteed by the U.S. Department of Housing and Urban Development, in the amount of $22,144,700, bearing an interest rate of 3.52% per year and maturing in May 2051. The mortgage loan is collateralized by land and buildings acquired under the original term note.

The Ministry's debt agreements contain certain financial covenants of which the most restrictive requires a $4,000,000 minimum balance of cash and cash equivalents and investments. The Ministry was in compliance with these covenants as of March 31, 2016.

(9) Lease Commitments

Future minimum commitments for all noncancelable leases are as follows:

		Capital leases		Operating leases
Year ending March 31:				
2017	$	118,500		3,094,827
2018		74,291		2,947,027
2019		60,204		2,570,829
2020		60,204		2,019,630
2021		15,051		1,430,451
Thereafter		—		3,707,004
		328,250	$	15,769,768
Less amount representing interest		(28,829)		
Present value of net minimum lease payments under capital leases		299,421		
Less current portion		(106,130)		
	$	193,291		

Total rent expense of facilities and equipment amounted to $4,819,429 in fiscal year 2016.

Capital leases are collateralized by their respective equipment.

(10) Retirement Plan

CBN has defined contribution savings and retirement plans available for all regular employees. All contributions to these plans are fully vested. CBN made contributions totaling $1,661,866 in fiscal year 2016. Subsequent to year-end, CBN replaced its 403(b) plan with a 401(k) plan.

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets consist of the following at March 31:

Operations:		
Fiduciary assets, net (note 5)	$	3,009,722
Contributions receivable (note 3)		58,020,277
Donor-restricted contributions (primarily international outreach and operation Blessing)		7,738,774
	$	68,768,773

Permanently restricted net assets at March 31, 2016 consist of fiduciary assets to be held in perpetuity with earnings to be used for unrestricted program activities.

(12) Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. Total net assets released were $78,836,984 for the year ended March 31, 2016.

(13) Sale of International Family Entertainment (IFE) Stock

In August 1997, CBN sold its remaining investment in IFE stock. As part of the negotiated sale of its stock in IFE to FOX Kids TV, CBN kept the existing 1990 program time agreement. This agreement continues with ABC, who purchased Family Channel, now called Freeform, from Fox Kids TV. The agreement provides CBN certain blocks of program time in perpetuity at the discretion of CBN. The fair market value of this airtime is estimated at approximately $42,493,000, for the year ended March 31, 2016. This amount is included in ministry support, domestic evangelistic outreach, and fundraising in the accompanying consolidated statement of activities.

CBN continues to pay Freeform a monthly fee equal to the direct costs incurred by Freeform for providing the program time to CBN. This fee totaled $1,172,302 for the year ended March 31, 2016.

(14) Commitments and Contingencies

The Ministry is subject to various legal proceedings and claims, which arise in the ordinary course of its business. Management believes that the outcome of these matters will not have a material adverse effect on the Ministry's consolidated statement of financial position or consolidated statement of activities.