

NATIONAL MINORITY TELEVISION, INC.
Notes to Financial Statements, Continued

December 31, 1989

NOTE C - PROPERTY, PLANT AND EQUIPMENT, Continued

Land and improvements	\$ 22,000
Buildings and leasehold improvements	1,303,156
Equipment and studio sets	2,192,552
Furniture and fixtures	9,318
Tower and antenna	<u>122,384</u>
Total property, plant and equipment	3,649,410
Less accumulated depreciation	<u>(106,445)</u>
Net property, plant and equipment	\$ <u>3,542,965</u>

NATIONAL MINORITY TELEVISION, INC. AND AFFILIATES
DEPARTMENTAL BALANCE SHEET

December 31, 1989

	<u>NMTV, INC.</u>	<u>ODESSA</u>	<u>PORTLAND</u>	<u>ELIMINATIONS</u>	<u>COMBINED TOTALS</u>
<u>ASSETS</u>					
Current assets:					
Cash in bank and on hand	\$ (65,253)	1,355	-	-	(63,898)
Prepaid expenses	<u>6,815</u>	<u>2,808</u>	-	-	<u>9,623</u>
Total current assets	(58,438)	4,163	-	-	(54,275)
Amounts due from affiliates	2,925,712	518,332	-	(2,917,302)	526,742
Property, plant and equipment	465,754	727,764	2,349,447	-	3,542,965
Broadcasting licenses	-	12,500	520,000	-	532,500
Other assets	-	-	<u>65,146</u>	-	<u>65,146</u>
95 Total assets	\$ <u>3,333,028</u>	<u>1,262,759</u>	<u>2,934,593</u>	<u>(2,917,302)</u>	<u>4,613,078</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Total current liabilities	\$ 5,370	4,228	15,648	-	25,246
Amounts due to affiliates	<u>3,396,193</u>	<u>1,048,025</u>	<u>2,747,211</u>	<u>(2,917,302)</u>	<u>4,274,127</u>
Total liabilities	<u>3,401,563</u>	<u>1,052,253</u>	<u>2,762,859</u>	<u>(2,917,302)</u>	<u>4,299,373</u>
Fund balance:					
Unreserved	<u>(68,535)</u>	<u>210,506</u>	<u>171,734</u>	-	<u>313,705</u>
Total fund balance	<u>(68,535)</u>	<u>210,506</u>	<u>171,734</u>	-	<u>313,705</u>
Total liabilities and fund balance	\$ <u>3,333,028</u>	<u>1,262,759</u>	<u>2,934,593</u>	<u>(2,917,302)</u>	<u>4,613,078</u>

See Accompanying Notes to Financial Statements.

NATIONAL MINORITY TELEVISION, INC. AND AFFILIATES
DEPARTMENTAL STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

December 31, 1989

	<u>NMTV, INC.</u>	<u>ODESSA</u>	<u>PORTLAND</u>	<u>COMBINED TOTALS</u>
Revenues:				
Contributions - Reserved and unreserved	\$ -	396,824	275,667	672,491
Interest income	<u>8,660</u>	<u>-</u>	<u>-</u>	<u>8,660</u>
Total revenues	<u>8,660</u>	<u>396,824</u>	<u>275,667</u>	<u>681,151</u>
Expenses:				
Program services:				
Engineering expenses	-	116,424	71,460	187,884
Production expenses	<u>-</u>	<u>3,189</u>	<u>3,724</u>	<u>6,913</u>
Total program services	<u>-</u>	<u>119,613</u>	<u>75,184</u>	<u>194,797</u>
Support services:				
Fund-raising	-	875	-	875
General and administrative expenses	<u>55,105</u>	<u>116,396</u>	<u>28,749</u>	<u>200,250</u>
Total support services	<u>55,105</u>	<u>117,271</u>	<u>28,749</u>	<u>201,125</u>
Total expenses	<u>55,105</u>	<u>236,884</u>	<u>103,933</u>	<u>395,922</u>
Excess of public support and revenue over (under) expenses	(46,445)	159,940	171,734	285,229
Fund balance, beginning	<u>(22,090)</u>	<u>50,566</u>	<u>-</u>	<u>28,476</u>
Fund balance, ending	\$ <u>(68,535)</u>	<u>210,506</u>	<u>171,734</u>	<u>313,705</u>

See Accompanying Notes to Financial Statements.

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TRINITY BROADCASTING NETWORK, INC., (TBN)

AND SUBSIDIARY AND AFFILIATES

AUDIT REPORT

DECEMBER 31, 1987

TRINITY BROADCASTING NETWORK, INC.

AND SUBSIDIARY AND AFFILIATES

DECEMBER 31, 1987

BOARD OF DIRECTORS

TRINITY BROADCASTING NETWORK, INC.
(PARENT COMPANY)

<u>MEMBERS</u>	<u>TITLE</u>
Paul F. Crouch	President and Director
Janice W. Crouch	Vice President and Director
Norman G. Juggert	Secretary/Treasurer and Director
Phillip A. Crouch	Assistant Secretary
Terrence M. Hickey	Assistant Secretary

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
DECEMBER 31, 1987

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TB Oklahoma, Inc. TB Denver, Inc.	

TRINITY BROADCASTING NETWORK, INC (TBN)
AND SUBSIDIARY AND AFFILIATES
DECEMBER 31, 1987
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Huffman & Co.

Certified Public Accountants

THOMAS E. HUFFMAN
100 W. 6th Street
Corona, California 91720
(714) 735 9930

Account	Corporation
5353 Mission Center Road	
	Suite 115
San Diego, California	92108
	(619) 294-8625

The Board of Directors
Trinity Broadcasting Network, Inc.
Tustin, California

We have examined the financial statements of Trinity Broadcasting Network, Inc., and its Subsidiary and Affiliates for the years ended December 31, 1987 and 1986, listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As part of our examination of the financial statements of Trinity Broadcasting Network, Inc. and its Subsidiary and Affiliates for the years ended December 31, 1987 and 1986, we made a study of the corporation's systems as required by generally accepted auditing standards. Our study included all of the control categories listed below and there was no major financial internal control category we did not evaluate.

Accounting Applications

Revenue

- a) Contributions - Reserved
- b) Contributions - Unreserved
- c) Cash Receipts

Cash Disbursements/Purchasing

- Reserved
- Unreserved

The audit report on Community Educational Television, Inc. (CET) has been covered by a separate report and is not included in this report. In our opinion, the accompanying financial statements present fairly the financial position of Trinity Broadcasting Network, Inc. and its Subsidiary and Affiliates at December 31, 1987 and 1986 and the results of their operations and changes in their financial position for the years then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental information presented is not necessary for a fair presentation of financial statements, but is presented as additional supplementary data. This information has been subjected to the tests and other auditing procedures applied on the examination of the financial statements mentioned above and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

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TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED TRINITY BROADCASTING NETWORK
DECEMBER 31, 1987 and 1986

	<u>1987</u>	<u>1986</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash in Bank and on Hand	\$ 385,568	\$ 548,113
Time Certificates & Short-Term Investments	12,738,176	4,857,527
Total Cash & Short-Term Investments	13,123,744	5,405,640
Accounts Receivable Less Allowance for Doubtful Accounts	1,999,738	1,235,101
Prepaid Expenses & Security Deposits	172,198	127,659
Total Current Assets	15,295,680	6,768,400
<u>Notes Receivable & Investments (Note #6)</u>	10,040,204	7,629,653
<u>Amount Due from Affiliate - CET</u>	6,146,555	3,893,564
<u>Property and Equipment - Less</u>		
Accumulated Depreciation (Note #4)	41,229,572	39,523,929
<u>Broadcasting Licenses - Less</u>		
Accumulated Amortization (Note #5)	16,455,403	16,929,454
<u>Satellite Broadcasting Right - Less</u>		
Accumulated Amortization (Note #11)	792,832	1,112,836
Total Assets	\$ <u>89,960,246</u>	\$ <u>75,857,836</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	1,115,253	1,145,451
Interest Payable	50,515	58,511
Deferred Income (Note #2)	278,000	347,621
Notes Payable-Current Portion	1,706,854	1,988,021
Total Current Liabilities	3,150,622	3,539,614
Trust Accounts Payable (Note #8)	580,782	469,301
Notes Payable-Less Current Portion (Note #7)	2,094,436	2,503,851
Total Liabilities	5,825,840	6,512,776
<u>FUND BALANCE</u>		
Reserved	1,997,948	2,127,851
Unreserved	82,136,458	67,217,191
Total Fund Balance	84,134,406	69,345,042
Total Liabilities & Fund Balance	\$ <u>89,960,246</u>	\$ <u>75,857,836</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED TRINITY BROADCASTING NETWORK
COMPARATIVE STATEMENT OF SUPPORT REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 1987 and 1986

	<u>1987</u>	<u>1986</u>
<u>PUBLIC SUPPORT AND REVENUE</u>		
Contributions - Reserved & Unreserved (Note #3)	\$ 31,773,823	\$ 32,815,849
Telecasting & Production-Cost Sharing	7,107,623	4,295,627
Donated Asset Estate	1,533,869	439,673
Interest Income	842,318	576,226
Miscellaneous Income	1,425,867	862,553
Total Public Support & Revenue	<u>42,683,500</u>	<u>38,989,928</u>
<u>EXPENSES</u>		
<u>Program Services</u>		
Broadcasting & Programming	13,872,424	9,138,331
<u>Support Services</u>		
	13,030,868	13,468,036
<u>Designated Projects (Restricted)</u>		
	<u>990,856</u>	<u>935,758</u>
Total Expenses	<u>27,894,148</u>	<u>23,542,125</u>
Excess of Public Support and Revenue Over (Under) Expenses	14,789,352	15,447,803
<u>FUND BALANCE, January 1, 1987</u>	<u>69,345,054</u>	<u>53,897,251</u>
<u>FUND BALANCE, December 31, 1987</u>	<u>\$ 84,134,406</u>	<u>\$ 69,345,054</u>

TRINITY BROADCASTING NETWORK, INC.
AND SUBSIDIARY AND AFFILIATES
COMBINED TRINITY BROADCASTING NETWORK
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 1987 and 1986

	<u>1987</u>	<u>1986</u>
<u>WORKING CAPITAL (FUND) PROVIDED FROM</u>		
Excess of Public Support and Revenue Over Expenses	\$14,789,352	\$ 15,447,803
Add Expenses not Affecting Working Capital:		
Depreciation and Amortization	3,005,153	3,597,413
Decrease in Notes Receivable & Investments	-	1,047,506
Increase in Long-Term Notes Payable	-	74,535
Increase in Trust Accounts Payable	<u>111,473</u>	<u>-</u>
Total Working Capital Provided	<u>17,905,978</u>	<u>20,167,257</u>
<u>WORKING CAPITAL (FUNDS) USED FOR</u>		
Increase in Notes Receivable & Investments	2,410,551	-
Increase in Amount Due from CET	2,252,991	2,317,496
Acquisition of Broadcasting License	-	6,715,445
Acquisition of Property and Equipment	3,916,741	13,562,253
Reduction of Trust Accounts Payable	-	75,120
Reduction of Long-Term Notes Payable	<u>409,418</u>	<u>-</u>
Total Working Capital Used	<u>8,989,701</u>	<u>22,670,314</u>
<u>INCREASE (DECREASE) IN WORKING CAPITAL</u>	<u>\$ 8,916,277</u>	<u>\$ (2,503,057)</u>

* * * * *

CHANGES IN WORKING CAPITAL

Increase (Decrease) in Current Assets

Total Cash and Short Term Investments	\$ 7,718,104	\$ (1,955,685)
Accounts Receivable and Other	<u>809,176</u>	<u>308,681</u>
Total Current Asset Changes	<u>8,527,280</u>	<u>(1,647,004)</u>

Increase (Decrease) in Current Liabilities

Accounts Payable & Accrued Expenses	(30,202)	296,978
Other Accrued Liabilities	<u>(358,795)</u>	<u>559,075</u>
Total Current Liability Changes	<u>(388,997)</u>	<u>856,053</u>
Increase (Decrease) in Working Capital	<u>\$ 8,916,277</u>	<u>\$ (2,503,057)</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
 AND SUBSIDIARY AND AFFILIATES
 COMBINED BALANCE SHEET
 DECEMBER 31, 1987

	TE OF ARIZONA PHOENIX	TE OF FLORIDA INC	TRINITY TOWERS INC	TE OF NEW YORK INC
Assets				
Current Assets				
Cash in Bank and on Hand	\$ 1,415	\$ 1,830	\$ 89,458	\$ 1,360
Time Certificates & Treasury T Bills	<u>1,395,607</u>	<u>300,000</u>	-	<u>300,000</u>
Total Cash on Hand & In Banks	1,397,022	301,830	89,458	301,360
Accounts Receivable Less Allowance for Doubtful Accounts	178,068	205,231	-	195,500
Prepaid Expenses & Security Deposits	-	-	-	-
Total Current Assets	<u>1,575,090</u>	<u>507,061</u>	<u>89,458</u>	<u>496,860</u>
Notes Receivable & Investments (Note #5)	-	-	-	-
Amount Due from Affiliates	11,774,721	10,692	175,000	5,200
Property and Equipment - Less Accumulated Depreciation (Note #3)	861,391	3,503,415	1,767,465	2,090,800
Broadcasting Licenses - Less Accumulated Amortization (Note 4)	1,032,982	5,375,031	-	2,069,000
Satellite Broadcasting Right - Less Accumulated Amortization (Note #7)	-	-	-	-
Total Assets	<u>\$15,244,184</u>	<u>\$9,396,199</u>	<u>\$2,031,923</u>	<u>\$4,662,000</u>
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accounts Payable & Accrued Expenses	32,838	57,635	6,280	65,300
Interest Payable	13,320	-	-	-
Deferred Income	-	-	-	-
Notes Payable - Current Portion	<u>148,005</u>	-	<u>1,138,717</u>	-
Total Current Liabilities	194,163	57,635	1,144,997	65,300
Trust Accounts Payable	-	-	-	-
Notes Payable-Less Current Portion	592,021	-	-	-
Amounts due to Affiliates	<u>15,612</u>	<u>7,542,099</u>	<u>499,121</u>	<u>6,413,700</u>
Total Liabilities	<u>801,796</u>	<u>7,599,734</u>	<u>1,644,118</u>	<u>6,479,000</u>
FUND BALANCE				
Reserved	526,186	214,706	-	(4,000)
Unreserved	<u>13,916,202</u>	<u>1,581,759</u>	<u>387,805</u>	<u>(1,817,000)</u>
Total Fund Balance	<u>14,442,388</u>	<u>1,796,465</u>	<u>387,805</u>	<u>(1,817,000)</u>
Total Liabilities & Fund Balance	<u>\$ 15,244,184</u>	<u>\$9,396,199</u>	<u>\$2,031,923</u>	<u>\$4,662,000</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED BALANCE SHEET
DECEMBER 31, 1987

	<u>TB OF</u> <u>ARIZONA</u> <u>ALBUQUERQUE</u>	<u>TB OF</u> <u>OKLAHOMA</u> <u>INC</u>	<u>TB OF</u> <u>WASHINGTON</u> <u>INC</u>	<u>TB OF</u> <u>DENVER</u> <u>INC</u>
Assets				
Current Assets				
Cash in Bank and on Hand	\$ 274	\$ 2,635	\$ 2,117	62
Time Certificates & Treasury T Bills	-	<u>1,299,000</u>	<u>500,000</u>	<u>1,099,000</u>
Total Cash on Hand & In Banks	274	1,301,635	502,117	1,099,62
Accounts Receivable Less Allowance for Doubtful Accounts	41,884	149,259	168,903	75,65
Prepaid Expenses & Security Deposits	-	-	-	-
Total Current Assets	<u>42,158</u>	<u>1,450,894</u>	<u>671,020</u>	<u>1,175,28</u>
Notes Receivable & Investments (Note #5)	-	-	-	99,32
Amount Due from Affiliates	78,489	2,377,358	788,720	1,755,79
Property and Equipment - Less Accumulated Depreciation (Note #3)	1,786,946	1,251,531	2,304,493	1,455,25
Broadcasting Licenses - Less Accumulated Amortization (Note 4)	-	-	913,031	-
Satellite Broadcasting Right - Less Accumulated Amortization (Note #7)	-	-	-	-
Total Assets	<u>\$1,907,593</u>	<u>\$5,079,783</u>	<u>\$4,677,264</u>	<u>\$4,485,61</u>
LIABILITIES AND FUND BALANCE				
Current Liabilities				
Accounts Payable & Accrued Expenses	49,115	19,319	31,987	8,31
Interest Payable	-	-	-	-
Deferred Income	-	-	-	278,01
Notes Payable - Current Portion	-	-	-	-
Total Current Liabilities	49,115	19,319	31,987	286,3
Trust Accounts Payable	-	-	-	-
Notes Payable-Less Current Portion	-	-	-	-
Amounts due to Affiliates	<u>1,989,959</u>	<u>105</u>	<u>9,037</u>	<u>1.3</u>
Total Liabilities	<u>*2,039,074</u>	<u>19,424</u>	<u>41,024</u>	<u>287.7</u>
FUND BALANCE				
Reserved	1,103	131,135	30,569	5,2
Unreserved	<u>(132,584)</u>	<u>4,929,224</u>	<u>4,605,671</u>	<u>4,192.6</u>
Total Fund Balance	<u>(131,481)</u>	<u>5,060,359</u>	<u>4,636,240</u>	<u>4,197.8</u>
Total Liabilities & Fund Balance	<u>\$1,907,593</u>	<u>\$5,079,783</u>	<u>\$4,677,264</u>	<u>\$4,485.6</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED BALANCE SHEET
DECEMBER 31, 1987

	<u>TB OF INDIANA BLOOMINGTON</u>	<u>TB OF INDIANA RICHMOND</u>	<u>TB OF TEXAS INC</u>	<u>TRINITY CHRISTIAN CENTER</u>
<u>Assets</u>				
<u>Current Assets</u>				
Cash in Bank and on Hand	\$ 152	\$ 1,353	\$ -	\$ 63
Time Certificates & Treasury T Bills	-	1,199,000	400,000	-
Total Cash on Hand & In Banks	152	1,200,353	400,000	63
Accounts Receivable Less Allowance for Doubtful Accounts	16,466	128,119	87,081	-
Prepaid Expenses & Security Deposits	-	-	14,040	-
Total Current Assets	16,618	1,328,472	501,121	63
Notes Receivable & Investments (Note #5)	-	-	-	-
Amount Due from Affiliates	35,762	2,453,858	-	732,2
Property and Equipment - Less Accumulated Depreciation (Note #3)	1,458,389	1,070,257	2,117,195	2,191,2
Broadcasting Licenses - Less Accumulated Amortization (Note 4)	-	-	3,354,745	-
Satellite Broadcasting Right - Less Accumulated Amortization (Note #7)	-	-	-	-
Total Assets	<u>\$1,510,769</u>	<u>\$4,852,587</u>	<u>\$5,973,051</u>	<u>\$2,924.1</u>
<u>LIABILITIES AND FUND BALANCE</u>				
<u>Current Liabilities</u>				
Accounts Payable & Accrued Expenses	9,864	28,604	45,485	1,0
Interest Payable	-	-	-	-
Deferred Income	-	-	-	-
Notes Payable - Current Portion	-	-	238,800	24.7
Total Current Liabilities	9,864	28,604	284,285	25.7
Trust Accounts Payable	-	-	-	-
Notes Payable-Less Current Portion	-	-	99,678	1,183,4
Amounts due to Affiliates	1,484,190	1,557	5,006,091	38.1
Total Liabilities	<u>1,494,054</u>	<u>30,161</u>	<u>5,390,054</u>	<u>1,247.2</u>
<u>FUND BALANCE</u>				
Reserved	-	114,459	-	-
Unreserved	16,715	4,707,967	593,007	1,675.1
Total Fund Balance	16,715	4,822,426	593,007	1,675.1
Total Liabilities & Fund Balance	<u>\$1,510,769</u>	<u>\$4,852,587</u>	<u>\$5,973,051</u>	<u>\$2,924.1</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED BALANCE SHEET
DECEMBER 31, 1987

	<u>LESS</u> <u>COMBINING</u> <u>ADJUSTMENTS</u>	<u>COMBINED</u> <u>TBN</u> <u>TOTALS</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash in Bank and on Hand		\$ 385,568
Time Certificates & Treasury T Bills		<u>12,738,176</u>
Total Cash on Hand & In Banks		13,123,744
Accounts Receivable Less Allowance for Doubtful Accounts		1,999,738
Prepaid Expenses & Security Deposits		<u>172,198</u>
Total Current Assets		15,295,680
<u>Notes Receivable & Investments (Note #5)</u>		10,040,204
<u>Amount Due from Affiliates</u>	\$(44,598,862)	6,146,555
<u>Property and Equipment - Less</u> Accumulated Depreciation (Note #3)	-	41,229,572
<u>Broadcasting Licenses - Less</u> Accumulated Amortization (Note 4)	-	16,455,403
<u>Satellite Broadcasting Right - Less</u> Accumulated Amortization (Note #7)	-	<u>792,832</u>
Total Assets	\$ <u>(44,598,862)</u>	<u>\$89,960,246</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>Current Liabilities</u>		
Accounts Payable & Accrued Expenses		1,115,253
Interest Payable		50,515
Deferred Income		278,000
Notes Payable - Current Portion		<u>1,706,854</u>
Total Current Liabilities		3,150,622
Trust Accounts Payable		580,782
Notes Payable-Less Current Portion		2,094,436
Amounts due to Affiliates	(44,598,862)	-
Total Liabilities	<u>(44,598,862)</u>	<u>5,825,840</u>
<u>FUND BALANCE</u>		
Reserved		1,997,949
Unreserved		<u>82,136,458</u>
Total Fund Balance		<u>84,134,405</u>
Total Liabilities & Fund Balance	\$ <u>(44,598,862)</u>	<u>\$89,960,246</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1987

	<u>TRINITY BROADCASTING NETWORK, INC</u>	<u>TB GREENSBORO N.C.</u>	<u>TB CANTON OH</u>	<u>NATIONAL MINORITY TV</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions-Reserved & Unreserved (Note #2)	\$19,908,714	\$186,967	\$371,562	
Telecasting & Production-Cost Sharing	1,696,188	263,681	457,838	
Donated Asset Estate	1,533,869	-	-	
Interest Income	500,666	-	-	\$ 5,17
Miscellaneous Income	<u>836,865</u>	<u>10,807</u>	<u>1,505</u>	-
Total Public Support & Revenue	<u>24,476,302</u>	<u>461,455</u>	<u>830,905</u>	<u>5.17</u>
<u>EXPENSES</u>				
<u>Program Services</u>				
Production Expenses	126,664	2,104	14,780	-
Engineering Expenses	1,795,421	131,812	217,299	37,05
Programming Expenses	<u>5,362,692</u>	<u>125,527</u>	<u>146,256</u>	-
Total Program Services	<u>7,284,777</u>	<u>259,443</u>	<u>378,335</u>	<u>37.05</u>
<u>SUPPORT SERVICES</u>				
General & Administrative Expenses	5,381,431	211,644	300,054	3,75
Direct Mail Expenses	<u>2,994,710</u>	<u>4,752</u>	<u>3,668</u>	-
Total Support Services	<u>8,376,141</u>	<u>216,396</u>	<u>303,722</u>	<u>3.75</u>
Designated Projects (Restricted)	<u>914,860</u>	<u>92</u>	<u>480</u>	-
Total Expenses	<u>16,575,778</u>	<u>475,931</u>	<u>682,537</u>	<u>40.81</u>
Excess of Public Support and Revenue Over (Under) Expenses	7,900,524	(14,476)	148,368	(35.6)
FUND BALANCE, January 1, 1987	<u>40,767,178</u>	<u>61,714</u>	<u>80,038</u>	<u>(444.9)</u>
FUND BALANCE, December 31, 1987	<u><u>\$48,667,702</u></u>	<u><u>\$47,238</u></u>	<u><u>\$228,406</u></u>	<u><u>\$(480.5)</u></u>

TRINITY BROADCASTING NETWORK, INC. (TEN)
AND SUBSIDIARY AND AFFILIATES
COMBINED STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1987

	<u>TB OF ARIZONA PHOENIX</u>	<u>TB OF FLORIDA INC</u>	<u>TRINITY TOWERS INC</u>	<u>TB OF NEW YORK INC</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions-Reserved & Unreserved (Note #2)	\$2,579,321	\$1,772,004		\$609,837
Telecasting & Production-Cost Sharing	631,715	745,676		637,864
Donated Asset Estate	-	-		-
Interest Income	74,129	6,300	\$ 3,379	6,379
Miscellaneous Income	<u>26,987</u>	<u>6,496</u>	<u>424,189</u>	<u>21,761</u>
Total Public Support & Revenue	<u>3,312,152</u>	<u>2,530,476</u>	<u>427,568</u>	<u>1,275,841</u>
<u>EXPENSES</u>				
<u>Program Services</u>				
Production Expenses	53,406	65,862		50,391
Engineering Expenses	218,107	438,787		308,967
Programming Expenses	<u>512,206</u>	<u>606,289</u>		<u>328,071</u>
Total Program Services	<u>783,719</u>	<u>1,110,938</u>		<u>687,444</u>
<u>SUPPORT SERVICES</u>				
General & Administrative Expenses	350,224	907,762	215,906	489,96
Direct Mail Expenses	<u>62,012</u>	<u>66,207</u>	<u>-</u>	<u>24,65</u>
Total Support Services	<u>412,236</u>	<u>973,969</u>	<u>215,906</u>	<u>514,65</u>
<u>Designated Projects (Restricted)</u>	<u>50,574</u>	<u>7,760</u>	<u>-</u>	<u>3,93</u>
Total Expenses	<u>1,246,529</u>	<u>2,092,667</u>	<u>215,906</u>	<u>1,206.03</u>
Excess of Public Support and Revenue Over (Under) Expenses	2,065,623	437,809	211,652	69,80
<u>FUND BALANCE, January 1, 1987</u>	<u>12,376,765</u>	<u>1,358,656</u>	<u>176,143</u>	<u>(1,886.90</u>
<u>FUND BALANCE, December 31, 1987</u>	<u>\$14,442,388</u>	<u>\$1,796,465</u>	<u>\$387,805</u>	<u>\$(1,817.09</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
 AND SUBSIDIARY AND AFFILIATES
 COMBINED STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 1987

	<u>TB OF ARIZONA ALBUQUERQUE</u>	<u>TB OF OKLAHOMA INC</u>	<u>TB OF WASHINGTON INC</u>	<u>TB OF DENVER INC</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions-Reserved & Unreserved (Note #2)	\$363,928	\$1,212,696	\$1,906,506	\$720,983
Telecasting & Production-Cost Sharing	294,226	546,910	563,082	239,404
Donated Asset Estate	-	-	-	-
Interest Income	-	80,728	14,116	72,162
Miscellaneous Income	<u>5,488</u>	<u>6,309</u>	<u>159</u>	<u>6,148</u>
Total Public Support & Revenue	<u>663,642</u>	<u>1,846,643</u>	<u>2,483,863</u>	<u>1,038,697</u>
<u>EXPENSES</u>				
<u>Program Services</u>				
Production Expenses	6,730	49,109	56,249	18,114
Engineering Expenses	211,903	313,238	220,744	116,837
Programming Expenses	<u>92,953</u>	<u>426,828</u>	<u>497,633</u>	<u>223,913</u>
Total Program Services	<u>311,586</u>	<u>789,175</u>	<u>774,626</u>	<u>358,864</u>
<u>SUPPORT SERVICES</u>				
General & Administrative Expenses	335,480	302,324	302,147	160,330
Direct Mail Expenses	<u>2,294</u>	<u>58,236</u>	<u>55,409</u>	<u>21,078</u>
Total Support Services	<u>337,774</u>	<u>360,560</u>	<u>357,556</u>	<u>181,408</u>
Designated Projects (Restricted)	<u>276</u>	<u>8,112</u>	<u>1,184</u>	<u>880</u>
Total Expenses	<u>649,636</u>	<u>1,157,847</u>	<u>1,133,366</u>	<u>541,152</u>
Excess of Public Support and Revenue Over (Under) Expenses	14,006	688,796	1,350,497	497,545
FUND BALANCE, January 1, 1987	(145,487)	4,371,563	3,285,743	3,700,337
FUND BALANCE, December 31, 1987	<u>\$(131,481)</u>	<u>\$5,060,359</u>	<u>\$4,636,240</u>	<u>\$4,197,882</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1987

	<u>TB OF INDIANA BLOOMINGTON</u>	<u>TB OF INDIANA RICHMOND</u>	<u>TB OF TEXAS INC</u>	<u>TRINITY CHRISTIAN CENTER</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions-Reserved & Unreserved (Note #2)	\$97,702	\$1,312,717	\$730,866	
Telecasting & Production-Cost Sharing	21,912	447,840	561,287	
Donated Asset Estate	-	-	-	
Interest Income	4	72,512	6,749	\$ 1
Miscellaneous Income	<u>45,000</u>	<u>11,768</u>	<u>1,133</u>	<u>21,25</u>
Total Public Support & Revenue	<u>164,618</u>	<u>1,844,837</u>	<u>1,300,055</u>	<u>21.27</u>
<u>EXPENSES</u>				
<u>Program Services</u>				
Production Expenses	-	38,337	8,722	
Engineering Expenses	83,131	332,967	215,765	
Programming Expenses	<u>1,920</u>	<u>199,506</u>	<u>216,118</u>	
Total Program Services	<u>85,051</u>	<u>570,810</u>	<u>440,605</u>	
<u>SUPPORT SERVICES</u>				
General & Administrative Expenses	62,852	258,493	223,792	140,9
Direct Mail Expenses	-	<u>79,256</u>	<u>11,451</u>	-
Total Support Services	<u>62,852</u>	<u>337,749</u>	<u>235,243</u>	<u>140.9</u>
<u>Designated Projects (Restricted)</u>	-	<u>2,701</u>	-	-
Total Expenses	<u>147,903</u>	<u>911,260</u>	<u>675,848</u>	<u>140.9</u>
Excess of Public Support and Revenue Over (Under) Expenses	16,715	933,577	624,207	(119,6
<u>FUND BALANCE, January 1, 1987</u>	-	<u>3,888,849</u>	<u>(41,200)</u>	<u>1,796.6</u>
<u>FUND BALANCE, December 31, 1987</u>	<u>\$ 16,715</u>	<u>\$4,822,426</u>	<u>\$583,007</u>	<u>\$1,676.9</u>

TRINITY BROADCASTING NETWORK, INC. (TBN)
AND SUBSIDIARY AND AFFILIATES
COMBINED STATEMENT OF SUPPORT, REVENUE AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1987

	<u>COMBINED TBN TOTALS</u>
PUBLIC SUPPORT AND REVENUE	
Contributions-Reserved & Unreserved (Note #2)	\$31,773,823
Telecasting & Production-Cost Sharing	7,107,623
Donated Asset Estate	1,533,869
Interest Income	842,318
Miscellaneous Income	<u>1,425,867</u>
Total Public Support & Revenue	<u>42,683,500</u>
 <u>EXPENSES</u>	
<u>Program Services</u>	
Production Expenses	490,475
Engineering Expenses	4,642,030
Programming Expenses	<u>8,739,919</u>
Total Program Services	<u>13,872,424</u>
 <u>SUPPORT SERVICES</u>	
General & Administrative Expenses	9,647,108
Direct Mail Expenses	<u>3,383,760</u>
Total Support Services	<u>13,030,868</u>
<u>Designated Projects (Restricted)</u>	<u>990,856</u>
Total Expenses	<u>27,894,148</u>
Excess of Public Support and Revenue Over (Under) Expenses	14,789,352
<u>FUND BALANCE, January 1, 1987</u>	<u>69,345,054</u>
 <u>FUND BALANCE, December 31, 1987</u>	 <u>\$84,134,406</u>

TRINITY BROADCASTING NETWORK, INC.
AND SUBSIDIARY AND AFFILIATES
NOTES TO FINANCIAL STATEMENT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - as in past years, the Trinity Broadcasting Network, Inc. records financial transactions in accordance with Modified Non-Profit Fund Accounting Standards. This basis of accounting generally requires the utilization of the modified accrual basis of accounting, wherein expenditures are recorded at the time liabilities are incurred and available revenues which are accrued to reflect properly the revenues earned within the current year.

PRODUCTION AND AIRTIME COST SHARING

Revenue from production cost sharing is recognized when the production effort has been completed while revenue from airtime cost sharing is recognized when the contracted program has been broadcasted.

INVESTMENTS

Donated investments are stated at estimated fair market values at the dates of donation, which approximates current market value.

INCOME TAXES

Trinity Towers is the only entity subject to Federal and State income taxation.

ORGANIZATION

TBN and its' Subsidiary and Affiliates have organized for the purpose of engaging in Religious Christian Broadcasting Activities. Following is a list of TBN and its' Subsidiary and Affiliates by region and direct financial relationships. The following format is for financial statement purposes only.

A. TBN & Subsidiary & Direct Affiliates

TBN & Subsidiaries

*TBN, Inc. (parent Company) (KTBN Channel 40 TV)

TBN-Stewardship Department (Trust Accounts)

*TBN-Nevis, L.T.D.

TBN-Europe

*TB-Canton, OH (TV Channel 17)

*TB-Greensboro, N.C. (WLXI-TV Channel 61)

*TBN-Africa

Direct Affiliates

Translator T.V., Inc.

Trinity Christian Center, Inc.

NOTES TO FINANCIAL STATEMENTS

(continued)

B. TBN Western Affiliates

- *TB-of Arizona, Inc. KPAZ-Channel 21 TV
- *TB-of Arizona, Inc. (New Mexico) KNAT-TV Channel 23
- *TB-of Denver, Inc. KSBT-Channel 57 TV
- *TB-of Washington, Inc.- KTBW - TV Channel 20

C. Midwest TBN Affiliates

- *TB-of Indiana, Inc. - WKOI - TV Channel 43
- *TB-of Indiana, Inc. - WCLJ - TV Channel 42
- *TB-of Oklahoma, Inc. - KTBO Channel 14
- *TB-of Texas, Inc. - Channel 58

D. Eastern TBN Affiliates

- *TB-of New York, Inc. - Channel 54
- *TB-of Florida, Inc. - WHFT Channel 45
Trinity Towers, Inc.

*Stations with Broadcasting Licenses/Full Power Stations

3. PUBLIC SUPPORT - CONTRIBUTIONS - RESERVED AND UNRESERVED

Contributions are recognized when cash or other assets are received. Donated assets are generally reflected in the accompanying combined financial statements at their estimated fair market values at the date of receipt. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Although there is no legal requirement to do so, such restrictions are viewed by management as moral commitments to spend such contributions as designated by the donors.

The excess of Reserve Contributions over Designated Expenses are reflected in the Fund Balance as Reserve Funds.

4. PROPERTY AND EQUIPMENT

Property and equipment are carried at cost. Donated assets are generally reflected at their estimated fair market values at the dates of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized as income for the period. The cost of maintenance and repairs is charged to expense as incurred, significant renewals and betterments are capitalized.

	<u>1986</u>		<u>1987</u>	<u>ESTIMATED</u>
	<u>12-31-86</u>	<u>ADDITIONS</u>	<u>12-31-87</u>	<u>USEFUL LIVES</u>
Land and Land Improvements	\$4,793,543	\$852,406	\$5,645,949	
Buildings and Leasehold Improvements	13,604,882	226,015	13,830,897	--10-45 Years
Electronic and Technical Equipment	36,346,847	2,265,298	38,612,145	3-8 Years
Furniture and Fixtures	933,626	34,018	967,644	10 Years
Studio Sets	<u>445,020</u>	<u>539,004</u>	<u>984,024</u>	8 Years
Total Property & Equipment	<u>\$56,123,918</u>	<u>\$3,916,741</u>	<u>\$60,040,659</u>	

NOTES TO FINANCIAL STATEMENTS
(continued)

	<u>1986</u>	<u>1987</u>	<u>ESTIMATED</u>
	<u>12-31-86</u>	<u>ADDITIONS</u>	<u>12-31-87</u>
			<u>USEFUL LIFE</u>
Less:			
Accumulated Depreciation	\$16,599,989		\$16,599,989
Current Depreciation	<u>-</u>	<u>\$2,211,098</u>	<u>2,211,098</u>
Total Accumulated Depreciation	<u>16,599,989</u>	<u>2,211,098</u>	<u>18,811,087</u>
Net Balance Per Exhibits	<u>\$39,523,929</u>		<u>\$41,229,572</u>

5. BROADCASTING LICENSES

Broadcasting Licenses are generally stated at cost and are being amortized on a straight-line basis over a period of forty years.

BROADCASTING LICENSES

	<u>1986</u>	<u>1987</u>
	<u>12-31-86</u>	<u>ADDITIONS</u>
		<u>12-31-87</u>
TBN, Inc.	\$ 703,733	\$ 703,733
TBN of Nevis, LTD	48,165	48,165
TBN of Arizona, Inc.	1,392,790	1,392,790
TBN of Washington, Inc.	1,034,521	1,034,521
TBN of New York, Inc.	2,393,207	2,393,207
TBN of Florida, Inc.	6,617,700	6,617,700
TBN, Inc. - Canton, OH	2,417,551	2,417,551
TBN, Inc. - Greensboro, NC	900,684	900,684
TBN, of Texas	<u>3,397,210</u>	<u>3,397,210</u>
Total License Costs	<u>18,905,561</u>	<u>18,905,561</u>
Accumulated Amortization	<u>1,976,107</u>	<u>\$474,051</u>
Net Balance per Exhibits	<u>\$16,929,454</u>	<u>\$16,455,403</u>

NOTES TO FINANCIAL STATEMENTS
(continued)

6. NOTES RECEIVABLE AND INVESTMENTS

Consisted of the following:

	<u>TERMS</u>		<u>AMOUNT OF NOTE OR INVESTMENT</u>	
	<u>INTEREST</u>		<u>1987</u>	<u>1986</u>
	<u>RATE</u>	<u>PAYMENT</u>		
<u>BORROWER/RELATED AFFILIATES</u>				
<u>Harrison/TBN/Stewardship</u>	7%	Due/1991	\$ 39,147	\$ 31,826
<u>Tri State/TBN</u>				
Secured/Related to Station Investments	12%	- Due/1990	1,602,369	1,747,192
<u>All American TV</u>				
Secured/Related to Station Investments	11%	On Demand	1,917,722	1,917,722
Unsecured			1,861,621	985,001
Accrued Interest			684,255	310,893
<u>Lakewood New Life Center/TBD</u>				
Secured	10%		75,000	75,000
Accrued Interest			24,329	16,829
<u>Planck Engineering, Inc.</u>				
Secured	7%		221,320	80,000
Accrued Interest			16,491	203

Investments and Station Investments

Low-Power TV Station (Completed/In-Process)

Graham Texas Oil Lease			50,000	50,000
Related to Station Investments				
TB-Creasptown, Md			32,475	32,475
TB-Utica, NY			122,102	117,177
TB-Olean, NY			77,298	67,198
TB-Binghamton, NY			1,500	-
Aberdeen, WA			36,130	34,206
Spokane, WA			24,543	20,970
TB-St. Lucia			14,314	-
El Salvador			21,495	59,819
Guatemala			49,474	2,000
TB-San Luis Obis			65,552	-
Augusta, GA			3,750	-
Raleigh, NC			3,750	-
TB-Goldsboro, NC			418	-
TB-Charlotte, NC			213,973	214,812
TB-Charles, SC			3,750	-
Carlsbad, NM			101,381	101,381
Alamogordo, NM			25,664	-
TB-Loveland, CO			54,637	-
TB-Vernal, UT			12,773	1,500
TB-Reno, NV			196,268	136,002
TB-Las Vegas, NV			84,742	023,700

NOTES TO FINANCIAL STATEMENTS
(Continued)

6. NOTES RECEIVABLE AND INVESTMENTS - continued

	<u>1987</u>	<u>1986</u>
TB-Lincoln, NE	97,821	97,851
TB-Redding, CA	15,900	-
TB-Hopkinsvle, KY	102,030	-
TB-Betterdorf, IA	3,898	-
TB-Boise, ID	94,187	94,187
TB-Otumwa, IA	87,869	87,856
TB-Davenport, IA	37,231	-
TB-Ottowa, IL	40,675	13,532
TB-Lawton, OK	48,165	-
TB-Youngstown, OH	3,397	3,397
TB-Lawton, OK	2,540	-
TB-Willmsport., PA	36,338	36,338
TB-Manhattan, KS	30,607	30,607
TB-Salina, KS	128,152	128,152
TB-Topeka, KS	91,880	68,866
TB-Roseburg, OR	4,955	-
TB-Fayettvle, AR	91,323	500
TB-St. Lucia	182,362	-
TB-Waldore, MD	202	-
TB-Columbia, MO	41,929	41,930
TB-Duluth, MN	1,500	-
TB-Minneapol, MN	49,535	14,516
TB-St. Cloud, MS	155,390	500
TB-Clarkdale, MS	20,687	3,000
TB-Brownwood, TX	110,425	-
TB-Williston, ND	1,000	-
TB-Rugby, ND	15,600	9,617
TB-Columbus, MS	108,589	114,572
TB-Jackson, MS	84,682	39,183
TB-Vicksburg, MS	4,013	4,013
TB-Biloxi, MS	31,268	29,491
TB-Clarksdale, MS	9,962	-
TB-Roseburg, OR	834	-
TB-Klammath Falls, OR	4,942	4,942
TB-Bend, OR	73,767	73,767
TB-Coos Bay, OR	49,279	48,500
TB-Lakeview, OR	54,058	52,225
TB-Memphis, TN	67,255	5,000
TB-Presque Is., ME	110,415	95,032
TB-Nashville, TN	64,947	-
TB-Loveland, CO	24,439	-
TB-Dover, DE	80,599	25,235
TB-Albany, GA	3,000	-
NMTV-Odessa, TX	34,500	-
TB-Nashville, TN	6,379	-
TB-Green Bay, WI	3,750	-
TB-Dayton, OH	53,269	-
TB-Chillicothe, OH	3,000	-
TB-Portsmouth, OH	3,600	-
TB-Cedar Rapids, IA	3,500	-