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FCC Mail Room

Main Office – Austin
1145 W. 5th Street, Suite 200
Austin, Texas 78703
(O) 512.467.6060
(F) 512.467.6161

Lakeway
1913 RR 620 South, Suite 101
Lakeway, Texas 78734
(O) 512.467.6060
(F) 512.263.0549

South Padre Island
104 W. Bahama, Suite D
South Padre Island, Texas 78597
(O) 956.761.1358
(F) 877.467.6161

August 15, 2012

Office of the Secretary
Federal Communications Commission
Attention: Mr. Roger Holberg
Disability Rights Office, Room 3-B431
9300 East Hampton Drive
Capitol Heights, MD 20743

Via Overnight Delivery

Re: Case Identifier CGB-CC-052: Petition for Exemption from Closed Captioning Requirements under Section 79.1(f)

Dear Mr. Holberg:

Per your request, please find the enclosed Consolidated Finance Statements with Independent Auditor's Report for the years ending December 31, 2011 and 2010. As we discussed, the material pertaining to 2011 had not yet been completed at the time of the original correspondence in April.

As always, should you have any questions or require any additional information, please do not hesitate to contact me at your very earliest convenience. I may be reached via telephone at 512-467-6060 or email at david@haycompere.com.

Respectfully submitted,

David C. Courreges
For the Firm

Enclosure

Received & Inspected

AUG 16 2012

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RIVERBEND CHURCH

(and subsidiary companies)

CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

YEARS ENDED DECEMBER 31, 2011 and 2010

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Gindler, Chappell, Morrison & Co. P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Church Council and Members of
Riverbend Church
Austin, Texas

We have audited the accompanying consolidated statement of financial position of **Riverbend Church** and a subsidiary company, as of December 31, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Church's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 that our audits provide 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 **Riverbend Church**, and a subsidiary company, as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Gindler, Chappell, Morrison & Co. P.C.

Austin, Texas
May 15, 2012

CONSOLIDATED FINANCIAL STATEMENTS

RIVERBEND CHURCH

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents (note 2)	\$ 508,281	\$ 703,021
Receivables		
Pledges due within one year (note 3)	1,184,511	2,143,797
Contributions receivable	20,780	-
Affiliated organizations	9,918	3,691
Program and other cost reimbursements	960	1,619
Other receivables	1,648	17,216
Prepaid insurance and expenses	46,425	42,824
Inventory - Bookstore	58,249	58,649
Total current assets	1,830,772	2,970,817
Cash and investments restricted as to use (note 9)	1,438,888	1,291,613
Pledges due in future periods (note 3)	1,571,609	2,435,686
Fixed assets		
Land, buildings and improvements	31,298,165	31,294,043
Furniture and equipment	2,125,366	2,113,271
Less accumulated depreciation	(17,305,770)	(16,260,604)
Net fixed assets before construction	16,117,761	17,146,710
Construction in progress	5,826,992	481,326
Net fixed assets	21,944,753	17,628,036
Other assets	63,795	15,868
Life insurance policy (note 4)	-	-
Total assets	\$26,849,817	\$24,342,020
LIABILITIES, RETAINED EARNINGS AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 183,074	\$ 94,619
Payroll taxes payable	15,587	31,022
Vacation leave accrued	74,998	70,279
Deposits collected	84,374	81,278
Due to affiliated organizations	3,020	13,920
Current portion of long-term debt (note 6)	163,025	136,297
Total current liabilities	524,078	427,415
Other accrued liabilities	56,605	46,685
Commitments - operating lease (note 11)		
Long-term debt, net of current portion (note 6)	12,289,011	9,555,481
Total liabilities	12,869,694	10,029,581
Retained earnings (deficit)	13,958	9,784
Net assets		
Unrestricted net assets		
Available for operations	(58,018)	84,005
Designated for repairs and maintenance	279,000	300,000
Investment in fixed assets	9,640,641	8,036,259
Total unrestricted net assets	9,861,623	8,420,264
Temporarily restricted net assets (note 8)	4,094,442	5,872,291
Permanently restricted net assets (note 10)	10,100	10,100
Total net assets	13,966,165	14,302,655
Total liabilities, retained earnings and net assets	\$26,849,817	\$24,342,020

See accompanying Notes to Consolidated Financial Statements.

RIVERBEND CHURCH

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2011 and 2010

	2011			
	Current Operating Funds		Permanently Restricted	Total
	Unrestricted	Temporarily Restricted		
REVENUE AND OTHER SUPPORT				
Contributions	\$ 4,531,870	\$ 703,452	\$ -	\$ 5,235,322
Building use and event fees	485,283	2,192	-	487,475
Sales and other revenues	127,058	-	-	127,058
Fund raising	1,494	752	-	2,246
Investment income	(69)	4,033	-	3,964
Net assets released from donor imposed restrictions (note 8)	<u>2,488,278</u>	<u>(2,488,278)</u>	-	-
Total revenue and support	<u>7,633,914</u>	<u>(1,777,849)</u>	-	<u>5,856,065</u>
EXPENSES				
Program services				
Worship and related programs	5,701,824	-	-	5,701,824
Grants to other organizations	85,075	-	-	85,075
Support services				
General administration	391,131	-	-	391,131
Fund raising	<u>10,351</u>	<u>-</u>	<u>-</u>	<u>10,351</u>
Total expenses	<u>6,188,381</u>	<u>-</u>	<u>-</u>	<u>6,188,381</u>
CHANGE IN NET ASSETS (deficit)	1,445,533	(1,777,849)	-	(332,316)
Change in retained earnings (increase)	(4,174)	-	-	(4,174)
NET ASSETS				
Beginning of year	<u>8,420,264</u>	<u>5,872,291</u>	<u>10,100</u>	<u>14,302,655</u>
End of year	<u>\$ 9,861,623</u>	<u>\$ 4,094,442</u>	<u>\$ 10,100</u>	<u>\$13,966,165</u>

See accompanying Notes to Consolidated Financial Statements.

RIVERBEND CHURCH

CONSOLIDATED STATEMENTS OF ACTIVITIES - continued

Years Ended December 31, 2011 and 2010

	2010			Total
	Current Operating Funds		Permanently Restricted	
	Unrestricted	Temporarily Restricted		
REVENUE AND OTHER SUPPORT				
Contributions	\$ 5,077,232	\$ 6,437,964	\$ 600	\$11,515,796
Building use and event fees	600,186	-	-	600,186
Sales and other revenues	12,402	-	-	12,402
Fund raising	2,462	5,292	-	7,754
Investment income	445	8	-	453
Net assets released from donor imposed restrictions (note 8)	717,558	(717,558)	-	-
Total revenue and support	6,410,285	5,725,706	600	12,136,591
EXPENSES				
Program services				
Worship and related programs	5,690,046	-	-	5,690,046
Grants to other organizations	145,467	-	-	145,467
Support services				
General administration	451,878	-	-	451,878
Fund raising	188,916	-	-	188,916
Total expenses	6,476,307	-	-	6,476,307
CHANGE IN NET ASSETS (deficit)	(66,022)	5,725,706	600	5,660,284
Change in retained earnings (increase)	(46,950)	-	-	(46,950)
Other change				
Disposal of fixed assets - book value	(53,487)	-	-	(53,487)
NET ASSETS				
Beginning of year	8,586,723	146,585	9,500	8,742,808
End of year	\$ 8,420,264	\$ 5,872,291	\$ 10,100	\$14,302,655

See accompanying Notes to Consolidated Financial Statements.

RIVERBEND CHURCH

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES		
Change in net assets (decrease)	\$ (332,316)	\$ 5,660,284
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,045,166	1,070,371
Donated fixed asset	-	(5,670)
(Increase) decrease in operating assets		
Receivables, including pledges receivables	1,812,583	(4,583,063)
Prepaid insurance and expenses	(3,601)	(996)
Inventory	400	(4,157)
Other assets	(47,927)	-
Increase (decrease) in operating liabilities		
Accounts payable	88,455	7,963
Payroll taxes payable	(15,436)	14,139
Vacation leave accrued	4,719	5,535
Deposits collected	3,096	7,291
Due to affiliated organizations	(10,900)	13,920
Other accrued liabilities	9,920	(9,165)
(Increase) decrease in cash and investments restricted as to use	<u>(147,275)</u>	<u>(1,146,296)</u>
Net cash flows provided by operating activities	<u>2,406,884</u>	<u>1,030,156</u>
CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES		
Purchase of improvements, furniture and equipment	(16,216)	(208,059)
Purchase of construction in progress	<u>(5,345,666)</u>	<u>(457,675)</u>
Net cash flows provided by (used by) investing activities	<u>(5,361,882)</u>	<u>(665,734)</u>
CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES		
Principal payments on long-term debt	(9,707,799)	(317,904)
Proceeds from long-term debt	<u>12,468,057</u>	<u>-</u>
Net cash flows provided by (used by) financing activities	<u>2,760,258</u>	<u>(317,904)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(194,740)	46,518
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>703,021</u>	<u>656,503</u>
End of year	<u>\$ 508,281</u>	<u>\$ 703,021</u>
Supplementary information:		
Interest paid	<u>\$ 506,512</u>	<u>\$ 452,466</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing activities		
Disposal of fixed assets	<u>\$ -</u>	<u>\$ 92,832</u>
Accumulated depreciation related to disposal	<u>\$ -</u>	<u>\$ (39,345)</u>
Donated fixed assets	<u>\$ -</u>	<u>\$ 5,670</u>

See accompanying Notes to Consolidated Financial Statements.

RIVERBEND CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2011 and 2010

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Riverbend Church, Austin, Texas, was established in July, 1979, to provide and preserve Christian fellowship and to develop and maintain a style and direction of Christian service and ministry. The Church's primary activities are church services, church events, and Christian education. The Church's primary source of revenue is free-will donations from Church members and the community. In 2002, Riverbend Centre, Inc. (the Centre), a wholly-owned, for-profit subsidiary of Riverbend Church, was created to serve as the public interface with parties interested in renting Church facilities for events and programs, such as artistic performances and instructional seminars and exhibits that will further public awareness of the Church and its programs and invite many new people into the Riverbend religious community.

The accompanying consolidated financial statements include the activity of Riverbend Church and Riverbend Centre, Inc., and do not include the activities of Riverbend Christian School and Riverbend Centre for the Arts, which are separate, but affiliated organizations.

Riverbend Church is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code for any income related to its exempt purposes. Riverbend Centre, Inc., is a for-profit, Texas corporation that files annual corporate tax returns and pays Federal and state taxes on any taxable income. Riverbend Centre, Inc. did not report any taxable income for 2011 or 2010.

Summary of Significant Accounting Policies

Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Consolidation: The accompanying consolidated financial statements present the consolidated financial position and changes in net assets of the Church. All significant Church and Centre transactions have been eliminated.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting, which includes recognition of revenues and support and accounts receivables as funds are earned and expenses and accounts payable as obligations are incurred. Contributions are recognized as support when the donor makes a promise to give that is, in substance, unconditional. Promises to give that cover several years are reported at their present value. Contributions that are restricted by the donor are considered conditional promises to give and are reported as temporarily restricted until such time as the donor imposed restriction is satisfied. Generally, restrictions stipulated by donors determine how the Church may use the funds.

Adopted Accounting Pronouncements: The Church has adopted guidance on the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006. In 2007, Texas enacted its version as it adopted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). The guidance also requires enhanced disclosures for all endowment funds.

Fair Value Measurements: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church measures and discloses fair value measurements in accordance with the following general valuation techniques.

1. Market approach (Level 1) - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
2. Cost approach (Level 2) - based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
3. Income approach (Level 3) - uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

RIVERBEND CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
Years Ended December 31, 2011 and 2010

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Eligible financial assets and financial liabilities such as cash, receivables, accounts payable and note payables are valued using an alternative fair value option as management believes the use of the fair value option for eligible items or group of similar eligible items provides more relevant and understandable information for financial statement users because the fair value option reflects the current cash equivalent of the financial instruments rather than another measure. The fair value of such assets and liabilities are deemed to be the face value of the instrument due to either the short term nature of the instrument or to an interest rate that is considered to be a market rate.

Changes in fair value of financial instruments and unrealized gains or losses on financial instruments are reported in the statement of activities. Investment income is reported as an increase or in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Net Assets Classes: Riverbend Church reports the following net assets classes:

Permanently restricted net assets The part of the net assets of a not-for-profit organization resulting from contributions whose use by the organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization are considered permanently restricted net assets.

Temporarily restricted net assets Not-for-profit organizations receive contributions and other resources whose use is limited by stipulations that are more specific than the broad limits resulting from the nature and purpose of the organization and its programs. Resources (net assets) with such stipulations that either expire by passage of time or can be fulfilled by actions of an organization are reported as temporarily restricted net assets.

Unrestricted net assets Resources not included in the above categories are considered unrestricted. While these resources are reported as unrestricted, an organization manages them in compliance with its exempt purposes, governing board designations, legal requirements, and contractual obligations.

Cash and Cash Equivalents: For purposes of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

Receivables: Receivables are valued using an allowance for uncollectible accounts. The allowance is determined by management's review of balances at year end, an analysis of historical bad debts, a review of the aging of the balances, and an analysis of the individual or entity that owes the amount. At such time as balances are determined to be uncollectible, the amount is written off against the allowance. The allowance for uncollectible accounts reported in the financial statements is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Fixed Assets: Fixed assets are capitalized if the initial cost of the item is \$1,500 or more. Fixed assets are valued at cost, if purchased, or fair value at date of contribution, if donated. Depreciation is calculated using the straight-line method over the estimated useful life of the item. Estimated useful lives range from three to forty years. Depreciation reported for 2011 and 2010 is \$1,045,166 and \$1,070,372, respectively. Depreciation expense, accumulated depreciation and the useful life used in the computation are considered accounting estimates. The estimates may be adjusted as more current information becomes available and any adjustment could be significant. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Church determined that no such events occurred. The Church uses the direct expensing method to account for planned major maintenance activities.

Inventory: Inventory consists of books, tapes, gift items and clothing for sale in the Church's bookstore and is stated at the lower of cost (determined on a first-in, first-out basis) or market.

Other Accrued Liabilities: The responsibility for future expenses related to Riverbend Church's Remembrance Gardens' markers and engravings are estimated and reported as other accrued liabilities. The other accrued liabilities reported in the financial statements are considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Subsequent Events: Management has evaluated subsequent events through May 15, 2012 which is the date the financial statements were available for issuance. There are no significant subsequent events requiring disclosure as of that date.

RIVERBEND CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
Years Ended December 31, 2011 and 2010

NOTE 2: RISKS AND CONCENTRATIONS

Credit risk: Cash balances with a financial institution in excess of Federal Deposit Insurance Corporation insurance coverage are considered an off balance sheet credit risk. Throughout the year, cash balances exceeded the institutions' FDIC coverage. The Church does not require collateral for any of its deposits. The Church considers its funds to be in high quality financial institutions and constantly monitors its financial positions with the institutions and does not anticipate any nonperformance by the institutions. At year end 2011 and 2010, cash balances exceeded the insurance coverage by approximately \$180,427 and \$0, respectively.

NOTE 3: PLEDGES

In September, 2010 the Church approved a proposal to build a Student & Children's Center and to renovate select portions of some existing buildings and grounds. The building project was approved with a total budget of \$5.5 million. The Church collected pledges of \$7,511,351 to be used for the project. Pledges reported in the 2011 financial statements are the following.

Collected in current year	\$ 2,259,890
Receivable in less than one year	1,480,639
Receivable in one to five years	<u>2,006,483</u>
 Total amount of pledges collected	 <u>\$ 5,747,012</u>
Receivable in less than one year	\$ 1,480,639
Allowance for uncollectible pledges	<u>(296,128)</u>
 Pledges due within one year	 <u>\$ 1,184,511</u>
Receivable in one to five years	\$ 2,006,483
Allowance for uncollectible pledges	(401,297)
Present value discount	<u>(33,577)</u>
 Pledges due in future periods	 <u>\$ 1,571,609</u>

Pledges receivable with due dates extending beyond one year are valued using a present value discount based on a Treasury bill rate for similar term investments, which is a Level 3 method of valuation. Annual amortization of the present value discount is reported as temporarily restricted contributions in the statement of activities. During 2011, \$-0- in pledges receivables was written off. At year end 2011, \$-0- in pledges are considered past due. The allowance for uncollectible pledges is considered a significant accounting estimate. The present value discount is considered an accounting estimate. The estimates may be adjusted as more current information becomes available and any adjustment could be significant.

The pledges receivable will be collateral against the Church's construction loan which was obtained in early 2011.

NOTE 4: LIFE INSURANCE POLICY

The Church is the beneficiary of a \$2,000,000 insurance policy on the life of a former pastor. The policy calls for monthly premium payments by the Church. The asset has not been recorded on the financial statements as the fair market value of the policy is not readily available. The life insurance policy is pledged against a note - see Note 6: Long-Term Debt and Note 7: Related Party Transactions.

NOTE 5: PENSION PLAN

Riverbend Church sponsors a defined contribution pension plan and during 2011 and 2010 paid \$134,544 and \$132,343, respectively, into annuities for staff (6% of salaries) and pastors (8% of salaries). The annuities are fully vested and owned by the individuals. The Church has no outstanding liabilities related to the pension plan.

RIVERBEND CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
Years Ended December 31, 2011 and 2010

NOTE 6: LONG-TERM DEBT

Long-term debt reported in the financial statements consists of the following.

	<u>2011</u>	<u>2010</u>
Note payable to a bank dated February 25, 2011, original amount of \$8,100,000, interest accrues at a rate equivalent to LIBOR plus 2.5% and is recalculated quarterly, the note has a maturity date in March, 2021, collateral is a deed of trust on real estate with a book value of \$15,907,591.	\$ 7,983,979	\$ -0-
Note payable to a bank dated February 25, 2011, original Amount up to \$5,250,000, interest accrues at a rate equivalent to Prime Rate plus 0.5%, with interest-only payments due until the maturity date in March, 2014, collateral is construction in progress of \$5,826,992 and amounts collected or pledged to the current capital campaign of \$2,756,120.	4,368,057	-0-
Note payable to a bank dated April 9, 2004, original amount of \$11,250,000, interest accrues at a contract rate - 5.71% at year end, the note has a maturity date in May, 2014, collateral is a deed of trust.	-	9,591,778
Note payable to a related party dated October 5, 2008, note is non-interest bearing was and due in full on or before September 30, 2010 - the due date has been extended until September 30, 2012, secured by the pledge of a life insurance policy - see note 4.	<u>100,000</u>	<u>100,000</u>
Total long-term debt	12,452,036	9,691,778
Less current portion of long-term debt	<u>(163,025)</u>	<u>(136,297)</u>
Long-term debt, net of current portion	<u>\$12,189,011</u>	<u>\$ 9,555,481</u>

Estimated annual maturity due on the long-term debt is the following: 2012- \$263,025; 2013- \$173,283; 2014- \$4,550,940; 2015- \$193,015; 2016- \$202,591 and thereafter \$7,069,182.

Interest costs incurred and charged to expense during 2011 and 2010 was \$434,712 and \$452,466, respectively. Interest costs incurred and capitalized during 2011 and 2010 was \$71,800 and \$-0-, respectively.

NOTE 7: RELATED PARTY TRANSACTIONS

The Church provides space and services to its subsidiaries. During 2011 and 2010, transactions between the Church and the Centre for management fees, accounting fees, office space rental and building rental amounted to \$24,306 and \$-0- respectively. These transactions and any amounts due to or from are eliminated in the consolidated financial statements.

The Church has an agreement with a financial corporation whose president is a member of the Church. The agreement allowed the Church to borrow \$100,000 - see note 6 for the terms of the note and the collateral of the note.

The Church has a contract for building design services with an individual who is a member of the Church. During 2011 and 2010, the Church paid this related party \$43,952 and \$223,218 respectively.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

During 2011 and 2010, net assets of \$2,488,278 and \$717,558, respectively were released from accompanying stipulations due to the Church's action and are considered net assets released from donor imposed restrictions and are reported as transfers from temporarily restricted net assets to unrestricted net assets in the financial statements.

RIVERBEND CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
Years Ended December 31, 2011 and 2010

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS - continued

At year end, Riverbend Church had the following temporarily restricted net assets.

<u>Funding Source</u>	<u>2011</u>	<u>2010</u>	<u>Nature of Imposed Restrictions</u>
Contributions	\$3,976,349	\$5,756,326	Pledges and cash for building project
Contributions	116,893	114,770	Restricted for specific Church programs
Endowment income	1,201	1,195	Restricted to endowment until appropriated for expenditure
Total	<u>\$4,094,442</u>	<u>\$5,872,291</u>	

NOTE 9: RESTRICTED CASH

Riverbend Church tracks the cash received for temporarily restricted and permanently restricted purposes and reports these amounts as cash and investments restricted as to use. At year end, Riverbend Church had the following temporarily and permanently restricted cash and investments restricted as to use.

	<u>2011</u>	<u>2010</u>	<u>Nature of Imposed Restrictions</u>
	\$1,310,696	\$1,165,548	Restricted for building project
	116,891	114,770	Restricted for specific Church programs
	1,201	1,195	Restricted to endowment until appropriated for expenditure
	10,100	10,100	Permanently restricted endowment funds
Total	<u>\$1,438,888</u>	<u>\$1,291,613</u>	

NOTE 10: PERMANENTLY RESTRICTED NET ASSETS

In 2003, the Church was the recipient of a \$9,500 bequest that established a permanent endowment fund. The endowment fund constitutes a separate and permanent fund held as an existing component part of the Church in its regular corporate capacity and not as a separate trust. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Church has not sought a legal interpretation as to whether TUPMIFA requires the preservation of fair value or the maintenance of purchasing power of donor-restricted endowment funds. The Church operates the endowment to preserve the fair value of the bequest. Other policies related to donor-restricted endowment funds are the following.

The Church classifies as permanently restricted net assets the original fair value of gifts donated to the endowment fund. Any increase in the endowment fund, such as investment income or appreciation, is classified in temporarily restricted net assets until those amounts are appropriated for expenditure. The Church considers the following factors in making a determination to appropriate or accumulate increases in their endowment fund.

- Duration and preservation of the fund
- Purposes of the Church and the donor-restricted endowment fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Church
- Investment policies and strategies of the Church

The Church's investment strategy is to emphasize a return of current income with minimal risk to the fair value of the original gift.

From time to time the fair value of assets, or the purchasing power associated with donor-restricted endowment funds may fall below the level that the donor or the TUPMIFA requires an organization maintain in a fund of perpetual duration. The Church believes that no deficiencies exist with the donor-restricted endowment fund.

RIVERBEND CHURCH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
Years Ended December 31, 2011 and 2010

NOTE 10: PERMANENTLY RESTRICTED NET ASSETS - continued

During 2011, the Church had the following donor-restricted endowment fund activities.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Endowment Funds			
Beginning of year	\$ -	\$ 1,195	\$ 10,100
Contributions	-	-	-
Net appreciation	-	-	-
Investment income	-	6	-
Appropriated	-	-	-
Expenditures	-	-	-
End of year	<u>\$ -</u>	<u>\$ 1,201</u>	<u>\$ 10,100</u>