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THREE ANGELS BROADCASTING NETWORK, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2002

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DEPARTMENT OF JUSTICE
PORTLAND LEGAL

THREE ANGELS BROADCASTING NETWORK, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Contributions	\$ 9,313,335.34	\$ 1,997,299.10	\$11,310,634.44
Charitable remainder unitrusts (Note 11)	-	51,786.75	51,786.75
Charitable gift annuities (Note 11)	2,694,904.13	-	2,694,904.13
Airtime and production fees	847,979.99	-	847,979.99
Satellite sales	810,645.38	-	810,645.38
Video and other sales	373,652.07	-	373,652.07
Rental income	25,824.35	-	25,824.35
Investment income (Note 3)	26,591.48	-	26,591.48
Gain (loss) on disposal of assets	(43,719.71)	-	(43,719.71)
Net unrealized and realized gains and (losses) on investments	(2,727.71)	(9,647.57)	(12,375.28)
Change in value of split-interest agreements	(230,966.93)	63,605.14	(167,361.79)
Other	40,977.99	-	40,977.99
Net assets released from restrictions (Note 7)	<u>2,653,817.19</u>	<u>(2,653,817.19)</u>	<u>-</u>
Total Revenues and Other Support	<u>\$16,510,313.57</u>	<u>\$ (550,773.77)</u>	<u>\$15,959,539.80</u>
Expenses			
Program service			
Television and radio broadcasting	\$ 8,036,915.21	\$ -	\$ 8,036,915.21
Supporting service			
Management and general	<u>4,935,515.36</u>	<u>-</u>	<u>4,935,515.36</u>
Total Expenses	<u>\$12,972,430.57</u>	<u>\$ -</u>	<u>\$12,972,430.57</u>
Change in Net Assets	\$ 3,537,883.00	\$ (550,773.77)	\$ 2,987,109.23
Net assets, beginning of year as previously reported	15,364,863.91	2,792,666.28	18,157,530.19
Prior period adjustments -			
Record split interest agreements previously unrecorded (Note 15)	-	1,708,917.60	1,708,917.60
Adjustment of revocable cash trusts (Note 15)	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>
Net assets, beginning of year, as restated	<u>\$15,389,863.91</u>	<u>\$ 4,501,583.88</u>	<u>\$19,891,447.79</u>
Net assets, end of year	<u>\$18,927,746.91</u>	<u>\$ 3,950,810.11</u>	<u>\$22,878,557.02</u>

See accompanying notes.

The Organization is the beneficiary of several revocable trust agreements. Assets received under revocable trust agreements are recorded as assets and refundable advances at fair value when received. Contribution revenue for the assets received is recognized when the agreements become irrevocable or when the assets are distributed to the Organization for its unconditional use.

The Organization is the beneficiary of several charitable gift annuities under which the assets funding the agreements were transferred to the Organization. Under these agreements the Organization is to pay fixed amounts for specified periods of time to the donors. The assets received are recorded at fair market value in the financial statements. The annuity liabilities are recorded at the present value of expected future cash flows to be paid to the annuity beneficiaries. Various discount rates are used in calculating the present values of the annuity liabilities. Present value calculations on some annuities are based upon single life expectancy, while others are based upon double life expectancy.

12. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent December, 2002 contributions received in January, 2003.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash, investments, accounts receivable, contributions receivable, charitable gift annuities, accounts payable, notes payable, funds due to other ministries, accrued expenses, liabilities under unitrust agreements, and liabilities for future group medical insurance claims. The Organization estimates that the fair values of all financial instruments at December 31, 2002, other than investments which are recorded at fair value, do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimates, however, are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

14. RELATED PARTY TRANSACTIONS

The Organization regularly engages in transactions with various related parties. Following is a summary of related party transactions for the year ending December 31, 2002:

	<u>Purchases From</u>	<u>Contributions From</u>	<u>Contributions To</u>
D & L Publishing	\$130,612.50	\$ -	\$ -
Three Angels Christian Communications (Canada)	-	469,879.72	-
Three Angels T.V. and Radio Broadcast Network (Russia)	-	-	376,236.02
Tres Anjos Broadcasting Network - LTDA (Brazil)	-	-	49,348.31
3ABN Philippines, Inc. (Philippines)	-	-	113,496.66

Tres Anjos Broadcasting Network - LTDA (Brazil) and 3ABN Philippines, Inc. (Philippines) are separate legal entities. Three Angels Broadcasting Network, Inc. exercises control over these two entities by providing 100% of their revenues. See Note 17 regarding Three Angels T.V. and Radio Broadcast Network (Russia).