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THREE ANGELS BROADCASTING NETWORK, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2006

RECEIVED

AUG 15 2007

DEPARTMENT OF JUSTICE
PORTLAND LEGAL

THREE ANGELS BROADCASTING NETWORK, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support			
Contributions	\$ 9,687,311.68	\$ 3,516,520.49	\$ 13,203,832.17
Charitable gift annuities (Note 11)	1,871,288.00	-	1,871,288.00
Airtime and production fees	1,431,651.57	-	1,431,651.57
Sales of satellite equipment	1,164,615.08	-	1,164,615.08
Rental income	48,113.82	-	48,113.82
Investment income (Note 3)	10,333.09	-	10,333.09
Gain (loss) on disposal of assets	8,967.57	-	8,967.57
Net unrealized and realized gains and (losses) on investments	(217.51)	-	(217.51)
Change in value of split-interest agreements	(209,575.83)	55,358.74	(154,217.09)
Other	29,105.49	-	29,105.49
Net assets released from restrictions (Note 7)	<u>3,740,522.98</u>	<u>(3,740,522.98)</u>	<u>-</u>
Total Revenues and Other Support	<u>\$ 17,782,115.94</u>	<u>\$ (168,643.75)</u>	<u>\$ 17,613,472.19</u>
Expenses			
Program service			
Television and radio broadcasting	\$ 15,620,554.74	\$ -	\$ 15,620,554.74
Supporting service			
Management and general	<u>4,988,933.39</u>	<u>-</u>	<u>4,988,933.39</u>
Total Expenses	<u>\$ 20,609,488.13</u>	<u>\$ -</u>	<u>\$ 20,609,488.13</u>
Change in Net Assets	<u>\$ (2,827,372.19)</u>	<u>\$ (168,643.75)</u>	<u>\$ (2,996,015.94)</u>
Net assets, beginning of year as previously reported	\$ 14,863,131.26	\$ 4,607,192.10	\$ 19,470,323.36
Prior-period adjustments (Note 18)	<u>(238,157.39)</u>	<u>-</u>	<u>(238,157.39)</u>
Net assets, beginning of year as restated	<u>\$ 14,624,973.87</u>	<u>\$ 4,607,192.10</u>	<u>\$ 19,232,165.97</u>
Net assets, end of year	<u>\$ 11,797,601.68</u>	<u>\$ 4,438,548.35</u>	<u>\$ 16,236,150.03</u>

See accompanying notes.

California requires gift annuity assets be maintained in separate reserve funds adequate to meet future payments under outstanding California annuity agreements. The Organization has separately invested funds sufficient to meet the California reserve requirements. A summary of gift annuity assets at December 31, 2006 is as follows:

	<u>Cost</u>	<u>Fair Value</u>
California	\$ 5,048,702.37	\$ 4,996,983.85
All other states	<u>7,521,586.32</u>	<u>7,409,934.56</u>
<u>Total</u>	<u>\$ 12,570,288.69</u>	<u>\$ 12,406,918.41</u>

California requires that 50% of the required reserves be maintained in specified governmental fixed income investments. The remaining 50% can be invested in securities traded on the New York and American Stock Exchanges, regional exchanges, and NASDAQ.

12. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent December, 2006 contributions received in January, 2007.

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, and liabilities under unitrust agreements. The Organization estimates that the fair values of all financial instruments at December 31, 2006, 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, 2006:

	<u>Due From</u>	<u>Contributions To</u>
Employee advances	\$ 7,436.35	\$ -
Three Angels T.V. and Radio Broadcast (Russia)	-	377,414.15
3ABN Philippines, Inc. (Philippines)	-	126,147.81
Association Three Angels Broadcasting Network (Peru)	-	16,876.00
Tres Anjos Broadcasting Network - LTDA (Brazil)	<u>-</u>	<u>30,805.11</u>
<u>Total</u>	<u>\$ 7,436.35</u>	<u>\$ 551,243.07</u>

Tres Anjos Broadcasting Network - LTDA (Brazil), Association Three Angels Broadcasting Network (Peru), and 3ABN Philippines, Inc. (Philippines) are separate legal entities. Three Angels Broadcasting Network, Inc. exercises control over these entities by providing the majority of their revenues. See Note 16 regarding Three Angels T.V. and Radio Broadcast Network (Russia).

The Organization periodically purchases books which are authored by a member of management. The books are purchased from the publisher for giveaway or for a suggested donation. For the year ending December 31, 2006, purchases of these books totaled \$2,982,793.71. Royalties are paid by the publisher to the author.

15. CONTINGENT LIABILITY

Management has agreed to return a portion of an \$800,000.00 contribution in the event of a major medical need by the donor.

16. BRANCH

The Organization established a branch of Three Angels Broadcasting Network, Inc. in Nizhny Novgorod, Russia. The official name of the branch is Three Angels TV & Radio Broadcasting Network. The branch is not a separate legal entity, and acts on behalf, by order, and under the responsibility of the Organization. The Organization pays for the majority of operating costs and capital improvements of the branch. All of these costs are expensed as incurred by the Organization. Transactions of the branch are not included in these financial statements.

17. SUBSEQUENT EVENTS

On April 19, 2007, Three Angels Broadcasting Network, Inc. and Amazing Facts issued a media release announcing that the two organizations have agreed to merge. The Board of Directors of Three Angels Broadcasting Network, Inc. approved the merger on April 16, 2007.

18. PRIOR-PERIOD ADJUSTMENTS

The Organization determined that the accrual for real estate taxes was understated for the year ended December 31, 2005, by \$105,357.39.

The Organization determined that Cost of Goods Sold – Satellite Equipment was understated for the year ended December 31, 2005, by \$132,800.00. This resulted in total liabilities being understated and net assets being overstated by \$132,800.00.

The Organization determined that Cash Restricted to Investment in Capital Assets was overstated for the year ended December 31, 2005, by \$133,777.60. This resulted in a reclassification between Cash Restricted to Investment in Capital Assets and Cash, with no effect on total assets, liabilities, net assets, or change in net assets.

THREE ANGELS BROADCASTING NETWORK, INC.
SCHEDULE OF PROGRAM SERVICE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

Television and Radio Broadcasting Expenses

Airplane operation	\$ 929,066.75
Airtime	2,322,256.00
Auto	30,012.02
Broadcast services	444,984.12
Cable promotion	5,229.00
Contract labor	187,919.96
Cost of goods sold and given away - Satellite equipment	1,001,811.09
Cost of goods given away - Other	3,167,235.49
Depreciation	1,915,982.04
Downlink	1,064,810.77
Dues and subscriptions	2,695.16
-Inventory write-down	72,369.00
Music production	93,069.94
Newsletter	301,266.04
Registration	45,594.59
Special projects	768,798.15
Supplies - broadcasting	121,590.44
Telephone	180,321.85
Travel and entertainment	249,709.64
Utilities	213,446.14
Wages and benefits	<u>2,502,386.55</u>
Total Television and Radio Broadcasting Expenses	<u>\$ 15,620,554.74</u>

See accompanying notes.