

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Assets, Liabilities and Fund Balance – Cash Basis	2
Statement of Revenues, Expenditures and Changes in Fund Balance – Cash Basis	3
Statement of Cash Flows – Cash Basis	4
Notes to Financial Statements	5-6
Schedule of General and Administrative Expense – Cash Basis	7



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Zola Levitt Ministries, Incorporated  
Dallas, Texas

I have audited the accompanying statements of assets, liabilities and fund balance – cash basis of Zola Levitt Ministries, Incorporated (a Texas non-profit corporation) as of December 31, 2010 and 2009, and the related statements of revenues, expenditures, fund balance and cash flows – cash basis for the years then ended. These financial statements are the responsibility of the Ministries management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of Zola Levitt Ministries, Incorporated as of December 31, 2010 and 2009, and its revenues and expenditures and its cash flows for the years then ended on the basis of accounting described in Note A.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of General and Administrative Expenses – Cash Basis on page 7 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Darrell L. Keller, CPA, PA  
Kings Mountain, North Carolina

July 9, 2011

ZOLA LEVITT MINISTRIES, INCORPORATED  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS  
DECEMBER 31

ASSETS

	<u>2010</u>	<u>2009</u>
<b>Current Assets</b>		
Cash and Cash Equivalents (Note A)	\$ 1,009,115	\$ 1,268,513
Accounts Receivable	39,200	75,182
Prepaid Rent	4,353	4,353
Inventory	121,790	141,126
Investment (Note D)	<u>1,170,482</u>	<u>1,278,581</u>
Total Current Assets	2,344,940	2,767,755
<b>Property and Equipment (Note B)</b>	<u>7,719</u>	<u>14,676</u>
Total Assets	<u>\$ 2,352,659</u>	<u>\$ 2,782,431</u>

LIABILITIES AND FUND BALANCE

<b>Current Liabilities</b>		
Credit Card Payable	\$ -	\$ -
Sales Tax Payable	345	858
Unearned Revenue	<u>5,261</u>	<u>5,494</u>
Total Current Liabilities	5,606	6,352
<b>Fund Balance</b>		
Unrestricted	<u>2,347,053</u>	<u>2,776,079</u>
Total Liabilities and Fund Balance	<u>\$ 2,352,659</u>	<u>\$ 2,782,431</u>

The accompanying notes are an integral part of these financial statements.

ZOLA LEVITT MINISTRIES, INCORPORATED  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31

	<u>2010</u>	<u>2009</u>
<b>Revenues</b>		
Television Donations	\$ 4,405,163	\$ 4,497,927
Books, Tapes, Slides, Donations and Sales	487,599	436,925
Institute in Jewish-Christian Studies	43,648	41,145
Investment Income	26,743	37,212
Unrealized gain (loss)	107,403	244,112
Other Income	19,321	26,751
	<u>5,089,877</u>	<u>5,284,072</u>
<b>Production Costs</b>		
Production, Airtime	2,755,477	2,502,961
Production, Video Tapes	846,283	786,155
Production, Newsletters, postal, etc.	647,489	655,589
Production, Website	19,250	23,000
Leased Employees	204,827	175,407
Internet Service	14,656	-
Employee Benefits	12,079	15,269
Speaking Engagements	23,135	26,234
Books, Tapes, Albums and Cassettes	170,945	132,671
Royalties and Permissions	138,673	135,156
	<u>4,832,814</u>	<u>4,452,442</u>
General and Administrative Expenses	688,520	648,683
Loss on Sale/Abandonment of Assets	<u>(2,431)</u>	<u>-</u>
<b>Total Expenses</b>	5,518,903	5,101,125
Excess of Revenues (Expenses)	(429,026)	182,947
Fund Balance, Beginning	<u>2,776,079</u>	<u>2,593,132</u>
Fund Balance, Ending	<u>\$ 2,347,053</u>	<u>\$ 2,776,079</u>

The accompanying notes are an integral part of these financial statements.

**ZOLA LEVITT MINISTRIES, INCORPORATED**  
**STATEMENT OF CASH FLOWS - CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31**

	<u>2010</u>	<u>2009</u>
<b>Cash Flows From Operating Activities:</b>		
Expenses (Over) Under Revenues	<u>\$ (429,026)</u>	<u>\$ 182,947</u>
<b>Adjustments to Reconcile Expenses Over Revenues to Net Cash Provided by (Used by) Operating Activities:</b>		
Depreciation	5,897	8,628
(Increase) Decrease in Accounts Receivable	35,982	(63,035)
(Increase) Decrease in Inventory	19,336	9,447
(Increase) Decrease in Investments	108,099	294,059
Increase (Decrease) in Credit Card Payable	-	-
Increase (Decrease) in Sales Tax Payable	(512)	61
Increase (Decrease) in Unearned Revenue	(233)	8,350
<b>Total Adjustments</b>	<u>168,569</u>	<u>257,510</u>
<b>Net Cash Provided by (Used by) Operations</b>	<u>(260,457)</u>	<u>440,457</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Equipment	(900)	-
Book Value of Fixed Assets Disposed of/Adjusted	<u>1,959</u>	<u>74,086</u>
<b>Net Cash Provided by (Used by) Investments</b>	<u>1,059</u>	<u>74,086</u>
<b>Cash at Beginning of Year</b>	<u>1,268,513</u>	<u>753,970</u>
<b>Cash at End of Year</b>	<u><u>\$ 1,009,115</u></u>	<u><u>\$ 1,268,513</u></u>

The accompanying footnotes are an integral part of the financial statements.

ZOLA LEVITT MINISTRIES, INCORPORATED  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

A. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in preparation of the accompanying financial statements follows.

Organization and Purpose

Zola Levitt Ministries, Incorporated a Texas not-for-profit organization, receives donations and gifts from the general public and performs ministerial duties in proclamation of the Christian gospel.

Basis of Accounting

The Ministries' policy is to prepare its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Cash and Cash Equivalents

The ministry considers all short-term investments with a maturity of three (3) months or less to be cash equivalents for financial statement purposes.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of the assets to operations over their estimated service lives using straight-line depreciation.

Income Taxes

The Ministry is an organization exempt from income taxes as defined in Internal Revenue Code paragraph 501(c)(3).

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

B. Property and Equipment

The Ministries' property and equipment consists of the following:

	<u>2010</u>	<u>2009</u>
Furniture	\$ 5,169	\$ 5,169
Leasehold Improvements	-	-
Equipment	46,155	46,155
Vehicles	9,800	9,800
	<hr/>	<hr/>
	61,124	61,124
Less: Accumulated Depreciation	46,448	46,448
	<hr/>	<hr/>
	\$ 14,676	\$ 14,676

**ZOLA LEVITT MINISTRIES, INCORPORATED**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**C. Related Party Transactions**

Travel Experience International is a for profit corporation owned by the president of the ministry. The purpose of the corporation is to conduct tours of the Holy Land. During 2010 and 2009, the Ministry was reimbursed \$ 25,962 and \$ 25,962 respectively, for expenses paid on behalf of Travel Experience International. These expenses consisted primarily of charges for advertising during broadcast time of the national weekly program and shared rental space.

**D. Investments**

Short-Term Investments consist of commercial paper and stock investments.

**E. Unearned Revenue**

These are funds received for various reasons. These funds are held in escrow until the specific conditions for which these funds are to be used are met and they are then treated as earned.

**F. Contingency**

The Board of Directors approved a resolution stating that in the event of the dissolution of the Ministry, all full-time employees will receive one (1) week's pay for every year of service. The amount of the contingency can not be determined at this time, because this is a future event and the amount can not be estimated.

**ZOLA LEVITT MINISTRIES, INCORPORATED**  
**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES - CASH BASIS**  
**FOR THE YEARS ENDED DECEMBER 31**

	<u>2010</u>	<u>2009</u>
Leased Employees	\$ 334,190	\$ 284,455
Printing	25,849	36,446
Postal, Shipping and Mailing Service	28,335	25,662
Rent	40,888	34,828
Contract Labor	13,903	32,183
Office Expense	26,552	23,901
Donations	37,942	10,000
Depreciation	5,897	8,628
Travel	11,116	8,438
Taxes, General	5,027	7,247
Professional Fees	15,391	19,035
Telephone	11,520	11,340
Answering Service	30,299	27,091
Automobile	-	724
Miscellaneous	4,882	2,019
Repairs and Maintenance	2,527	5,375
Insurance, General	1,476	1,447
Bank Charges	38,925	35,526
Business Meetings	9,849	7,495
Conferences	625	1,158
Dues and Memberships	1,110	735
Employee Benefits	39,413	37,138
Entertainment	452	201
Tour Expense	(388)	(3)
Internet Services	2,740	27,614
	<u>          </u>	<u>          </u>
<b>Total General and Administrative Expenses</b>	<b><u><u>\$ 688,520</u></u></b>	<b><u><u>\$ 648,683</u></u></b>

The accompanying notes are an integral part of these financial statements.