

Sovereign Grace Ministries, Inc.
Schedule of Revenues & Expenses
For the Fiscal Year Ended 8/31/11

	Program Services				Supporting Services	Totals	
	Church Missions Domestic	Church Missions International	Pastors College	Events & Resources	Development & Administration	FY 2011 Total	FY 2010 Total
Revenues							
Contributions—Churches		\$72,327	\$5,000	\$2,100	\$3,178,665	\$3,258,092	\$3,356,829
Contributions—Mission Fund	356,002	712,004	356,002			1,424,008	1,353,028
Contributions—Other	8,240	93,711	35,750			137,701	366,557
Sales				688,542		688,542	662,290
Tuition & Fees			32,889			32,889	167,540
Event Receipts				741,283		741,283	363,307
Investment & Other		2,000	79,298	263,924	134,036	479,258	621,427
Total Revenues	364,242	880,042	508,939	1,695,849	3,312,701	6,761,773	6,890,978
Expenses							
Compensation & Benefits	1,152,184	237,836	365,192	745,347	505,678	3,006,237	3,173,270
Education & Training	60,948	5,440	8,217	2,558	1,927	79,090	69,125
Cost of Goods Sold				305,670		305,670	312,242
Gifts & Grants	527,451	408,736	19,373	84,623	2,638	1,042,821	1,280,670
Travel & Hospitality	143,643	198,478	32,843	231,037	47,699	653,700	432,421
Office & Insurance	34,564	13,515	13,674	105,090	130,714	297,557	263,224
Promotion	9,611			81,923	149,816	241,350	262,252
Sound, Video, & Technology	6,166	2,539	1,100	271,087	101,127	382,018	161,066
Building	6,646	1,729	46,086	74,735	108,985	238,181	266,267
Depreciation	285		34,963	13,921	93,162	142,331	138,669
Other	17,009	7,434	19,658	123,145	66,967	234,213	228,271
General & Admin Allocation	67,613	50,994	78,300	159,808	(356,716)		
Total Expenses	2,026,120	926,701	619,406	2,198,944	851,997	6,623,168	6,587,477
Net Income (Loss)	(\$1,661,878)	(\$46,659)	(\$110,467)	(\$503,095)	\$2,460,704	\$138,605	\$303,501

Balance Sheet	8/31/11	8/31/10
Assets		
Cash & Investments (see below)	\$2,542,367	\$2,507,828
Building & Equipment	3,171,323	3,192,612
Other Assets	521,067	467,310
Total Assets	\$6,234,757	\$6,167,750
Liabilities & Net Assets		
Total Liabilities	\$381,404	\$453,002
Net Assets	5,853,353	5,714,748
Total Liabilities & Net Assets	\$6,234,757	\$6,167,750
Cash & Investments Summary		
	8/31/11	
General Operating Cash	\$378,220	
Contingency Operating Reserve	1,000,000	
Haiti Disaster Relief Fund	205,132	
North Africa Fund	48,983	
Building Reserve	445,032	
Church Mission Reserve	400,000	
Pastors College Reserve	65,000	
Total Cash & Investments	\$2,542,367	

Sovereign Grace Ministries, Inc. 2011 Financial Report

To our faithful donors:

Friends, no matter how I try, it is going to be impossible for me to express how grateful we at Sovereign Grace Ministries are for your support this year. We began 2011 excited about some unprecedented mission opportunities. We end the year knowing that there is also much internal evaluation needed in the coming months. Your continued generosity and prayer encourage us for all that lies ahead.

In the last year, we invested your Mission Fund gifts in this way: 50¢ of every dollar went to international ministry, 25¢ to pastoral training at our Pastors College, and 25¢ to church planting and care in the United States. (Mission Fund dollars will not be spent on the evaluation we are doing with Ambassadors of Reconciliation.)

I hope this recap of our ministry in the last twelve months encourages you. God is at work in a number of ways, and is using your gifts to make a difference in his kingdom!

Church planting

In 2011, we planted churches in Charlottesville, Virginia; Durham, North Carolina; and Dayton, Ohio. We also began preparing for church plants next year in San Diego, California; Melbourne, Florida; Nona Lake, Florida; Miami, Florida; an unreached location in North Africa (more on that below); and potentially others. By God's grace, this is as busy as we have ever been in the area of church planting.

So why is your giving a big deal in that picture? Well, the church-planting process includes a lot—assessment, training, startup grants, and substantial follow-up care in a church's first years. For most Sovereign Grace churches—which average about 200 people—committing all of those resources constitutes a significant cost. But that's where you come in. By giving to the Mission Fund, you help ensure that when a church has a pastor and team ready to send out, the finances will be there to make it happen. Experienced leaders will be available for coaching and practical help. For small churches with big visions for mission, that is a huge difference-maker!

Pastors College

This year we are training 23 pastors for ministry, including eight potential church planters—one of the largest classes we've ever had. We're thrilled for the opportunity to train and, Lord willing, deploy all of these men into fruitful service in their local churches.

Your giving makes a strategic difference in that vision. First, it brings students: more than half this year's class is receiving tuition assistance, and nearly a third have full academic scholarships. And beyond that, your financial support brings in the teachers. This year, in addition to the team of Sovereign Grace pastors slated to teach classes, we have several high-caliber visiting professors from other schools. Examples include Dr. Tom Schreiner, an expert on Pauline theology from

The Southern Baptist Theological Seminary; Dr. Iain Duguid, an Old Testament scholar based at Lancaster Bible College; and Dr. John Woodbridge, a research professor for Church History at Trinity Evangelical Divinity School. This diversity of students and teachers is made possible by your generosity. Thank you!

International ministry

Half of the Mission Fund enables Sovereign Grace pastors to provide theological training, financial aid, and pastoral support to leaders outside the United States. What this looks like varies based on the needs of the location, but here is a sample of what your giving made possible in 2011:

- A team of leaders headed for an unreached region of North Africa began final preparations for an early 2012 deployment.
- In Cuba, we continue to provide training and financial support for a local church-planting network. This partnership has been a vital encouragement to them as they often lack accessible theological training and face other hardships as well.
- This year's Pastors College class includes students from five countries outside the U.S.: the Philippines, Germany, Bolivia, England, and the Dominican Republic.

If I had more space, I could list many other examples. In various ways, we currently support pastors and churches in 22 countries outside the U.S. Please pray with me that our opportunities and resources for this work only increase in the years ahead.

Closing thoughts

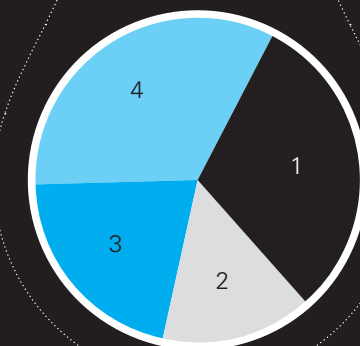
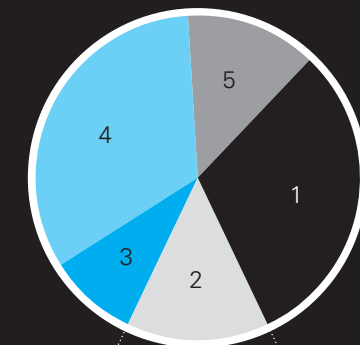
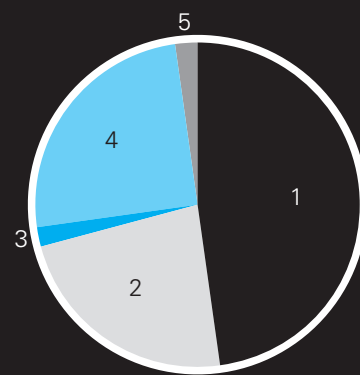
In Acts, the backdrop of the advancing mission is ministry development, errors, opposition, sins—all things that sound familiar for SGM right now. But I am confident, completely sure actually, that God is working in his church today just as he was then—and the gospel is moving forward in and through our churches. We're going to move forward with the internal changes that are needed, but that doesn't give us permission to put our mission on a shelf for a few years. So with your help we're going to stay on mission, and trust God to prosper the work of our hands as we do.

Thanks for your partnership in the work of the gospel, friends.

With great respect and gratitude,



Dave Harvey
Acting President
Sovereign Grace Ministries



FY 2011 Revenues Where Our Money Came From

Category	FY 2011 Revenues
1 Church Contributions (48%)	\$3,250,992
2 Mission Fund & Other Gifts (23%)	1,561,709
3 Pastors College Tuition & Rent (2%)	117,187
4 Events & Resources (25%)	1,695,849
5 Investment & Other (2%)	136,036
Total	\$6,761,773

FY 2011 Expenses Where We Invested Our Funds

Category	FY 2011 Expenses
1 Church Missions—Domestic (31%)	\$2,026,120
2* Church Missions—International (14%)	926,701
3 Pastors College (9%)	619,406
4 Events & Resources (33%)	2,198,944
5 Development & Administration (13%)	851,997
Total	\$6,623,168

*FY 2011 International Expenses

Continent/Region	FY 2011 Expenses
1 Asia/Pacific (31%)	\$287,503
2 Europe/Canada (15%)	140,044
3 Africa (21%)	193,771
4 Latin America/Caribbean (33%)	305,383
Total	\$926,701