

Stichting Hour of Power
Postbus 643
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ANNUAL ACCOUNTS 2018

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1. BOARD AND MANAGEMENT REPORT 2018

BOARD AND MANAGEMENT REPORT 2018

1.1 General information

Name organization:

Stichting Hour of Power, based in Baarn

Registration Chamber of Commerce: 41225668

RSIN-number 8001.87.155

Hour of Power is a Christian television ministry and we broadcast every week on RTL 5 (Sunday at 8 and 9 am), Family 7 (5 pm) and Surinam television (5 pm). Through our television broadcast, social media, online platform, merchandise and events, Hour of Power brings the gospel of Jesus Christ in an accessible and contemporary way. Pastor Bobby Schuller leads the services from Shepherd's Grove, California, with high quality music and an inspiring message. In the Dutch broadcast, host Jan van den Bosch interviews Dutch guests about their faith.

The foundation of Hour of Power The Netherlands is based on the objectives of the Crystal Cathedral Ministries at California USA and has a strong cooperation with this mother-organization.

Mission

You're not what you do

You're not what you have

And you're not what people say about you

You are a beloved child of God just as you are. We want to share this life-giving truth with as many people as we can: from believers to a broad group of people looking for answers in spiritual sense (seekers). Hour of Power also fulfills a social need. We receive lots of positive messages from prisons, retirement homes and hospitals. As a television ministry, we strongly believe in the biblical importance of the local church.

1.2 Management and organization

Stichting Hour of Power, settled in Baarn (The Netherlands), is governed by the Board consisting of three people. The local management happens through the General Manager assisted by the Management team. Below you can find the composition of the board and how the management is structured.

Composition of the board

The board consists of three people.

- J.S. van den Bosch (president)
- R.H. Jacobson (vice president)
- Rev. R.V. Schuller (member)

Management

The management was conducted by H.C. Tims.

1.3 Objectives

A five-year plan was made in 2015 with the objective of growing by 5% every year: financially, in the number of donors as well as in viewership. In 2018 this goal was reached for the third year in a row.

Although we see the viewer rates of linear viewing decline in recent years, we witness an overall growth. An important reason is that the way people watch television has changed and we serve this ever-growing group through new media channels. Nowadays people watch *when*, *where* and *how* they want. Programs are being viewed online, on-demand and via streaming services. Hour of Power Netherlands is on top of these trends and a (social) mediaplan and an online platform will help to respond to these changes.

The overall goal is a healthy business, growth of revenues so the reservations can be replenished and keep Hour of Power a financially solid organization. Secondary, our long-term goal is to grow in funds so we can explore new grounds in order to reach more people. A clear strategy, a financial plan and a marketing plan will support this endeavor.

All goals we set must be measurable according to the SMART principle.

1.4 Activities 2018

Fundraising - a marketing and fundraising campaign is developed and implemented twice a year with the following goals:

1. More viewers
2. More donors
3. Additional or increased donations
4. Maintaining relationships with our donors
5. New names (prospects)
6. Return on investment of all our activities

Engagement - The donor magazine 'Hope' is published six times a year. In addition, we maintain a valuable relationship with our donors through birthday cards, e-mail newsletters, incentives and personal attention.

Merchandise/books - Hour of Power Netherlands decided to outsource the entire webshop: publishing, storage, administration and shipment. This way 1) HOP NL is able to focus even more on the broadcast, 2) there will be no investment risks and 3) no storage costs.

Another improvement is that all of our products are now available in every Dutch Christian bookstore and also in some large secular (online) bookstores, which is good for our branding and generate new names. The starting point of this partnership is a royalties-based revenue model.

Events - On annual bases, HOP organizes various events: from Christmas concerts to services with Bobby Schuller. The events are important for maintaining relationships with our supporters and to facilitate engagement between viewers. This solidarity reinforces the brand and ministry of Hour of Power.

Pastoral care - De Hooplijn (Hope Line) is a hotline of twenty counselors who are trained to help people in need. We provide pastoral care to those who request it.

Prayer Team - Hour of Power has a group of volunteers of about 140 people that prays in response to prayer requests through out the week.

Financial accountability - Our annual report can be found on our website under 'financial report'.

1.5 Corporate governance 2018

Hour of Power is an independent foundation under Dutch law.

Board:

J.S. van den Bosch, chairman

R.H. Jacobson, member

Rev. R.V. Schuller, member

Remuneration policy:

All board positions are unpaid. Hour of Power has one full-time and seven part-time employees. Further on Hour of Power is working with several volunteers.

The general manager manages the entire organization. Employees receive a salary based on personal agreements.

1.6 Financial results 2018 and risks

Financial result

The total income is € 107.000 higher than budgeted. The most important positive deviations are found in donations club members.

The costs are € 122.000 higher than budgeted. This is mainly in the event costs and a contribution to our parent organization in America.

We closed the year with a small positive result.

Risks

Risks in relation to the continuity of the income:

In 2016 risk management has been updated. Risk management refers to:

- Financial and reputation risks in relation to the spending of project resources. The chance of risks occurring is rated as small. There have been taken sufficient mitigation measures.
- The risks in relation to financial management and administration of funds. The effects of risks in this area are limited; the chance of risks occurring is rated as small. There have been taken sufficient mitigation measures.
- Risks related to IT. The effects of risks in this area are high; the chance of risks occurring is assessed as average. There have been taken sufficient mitigation measures.

Policy on size and function freely disposable assets

For now we consider the freely disposable assets to be sufficient. It is intended to accommodate (un)foreseeable risks.

Bank account - cash

The cash position at the end of 2018 was € 536.149

1.7 Looking forward to 2019

Intentions 2019

We perpetuate our goals as stated in 1.3 Objectives. The launch of our new website and the new CRM system are important in this regard.

1.8 Closing statement

We can conclude to say that 2018 was a positive and healthy year. For another year there was an increase in income from donations, we reached our targets, and we sailed into a plus.

Thanks to the positive results in recent years, we were able to organize two major events. In June the Hour of Power choir visited our country for a number of concerts and in December there was a Christmas concert. Both events have had a great impact and a large reach.

We also invested heavily in the future in 2018. There has been a lot of effort to renew our website. This new site will be launched in 2019.

All in all we look back on 2018 in gratitude.

We are grateful to see that our ministry has still the potential to grow and is continuing to appeal to a wide audience. Ultimately, our main goal is to reach as many people as possible with the Good News of Jesus Christ.

We do thank all our employees and volunteers for their hard work, each with its own skill and potential. We have grown closer as a team which clearly gets the best forward. Their efforts made all of this possible.

Baarn, 3 July 2019:

J.S. van den Bosch (chairman)

R.H. Jacobson

Rev. R.V. Schuller

H.C. Tims (Managing director)

2. FINANCIAL STATEMENT 2018

2.1 Balance per 31 december (after appropriation of result)

ASSETS		31-12-2018	31-12-2017
		€	€
<u>Fixed assets</u>			
Material fixed assets	2.5.1	32.037	32.638
Intangible fixed assets	2.5.1	62.256	-
		<u>90.293</u>	<u>32.638</u>
		-----	-----
<u>Current assets</u>			
Receivables			
Debtors		696	6.529
Other receivables	2.5.2	110.163	142.346
		<u>110.859</u>	<u>148.875</u>
		-----	-----
Cash and cash equivalents	2.5.3	536.149	614.844
		-----	-----
Total assets		<u><u>737.301</u></u>	<u><u>796.357</u></u>

EQUITY AND LIABILITIES		31-12-2018	31-12-2017
		€	€
Reserves and funds			
Continuity reserve	2.5.4	513.027	492.758
Reserve automation	2.5.5	84.151	100.000
		<u>597.178</u>	<u>592.758</u>
		-----	-----
Current liabilities			
Creditors		78.336	87.670
Accounts payable to group foundations		33.157	32.448
Other liabilities	2.5.6	28.630	83.481
		<u>140.123</u>	<u>203.599</u>
		-----	-----
Total equity and liabilities		<u>737.301</u>	<u>796.357</u>
		=====	=====

2.2 Statement of income and expenditure

		Result 2018	Budget 2018	Result 2017
		€	€	€
<u>INCOME</u>				
Donations club members	2.6.1	1.619.012	1.535.000	1.532.859
Occasional and incentive gifts	2.6.1	284.355	270.000	294.293
Events	2.6.1	133.132	122.500	53.348
Sales of goods	2.6.1	58.001	60.000	63.246
Total income		2.094.500	1.987.500	1.943.746
<u>EXPENDITURE</u>				
Production costs TV-program	2.6.2	882.155	857.500	811.725
Costs of sales of goods and events	2.6.3	254.182	172.500	180.080
Personnel costs	2.6.4	406.245	469.000	374.437
Other costs	2.6.5	516.695	439.500	456.961
Depreciation fixed assets		10.685	9.000	10.393
Total expenditure		2.069.962	1.947.500	1.833.596
<u>Balance for financial income and expenses:</u>				
Financial income		1.721	-	2.931
Financial expenses		-21.839	-20.000	-21.367
Financial result		-20.118	-20.000	-18.436
Result income and expenditure		4.420	20.000	91.714
<u>Appropriation of the result:</u>				
Continuity reserve		20.269	20.000	-8.286
Reservation automation		-15.849	-	100.000
		4.420	20.000	91.714