

# CRYSTAL CATHEDRAL MINISTRIES

## CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

## CONTENTS

Independent Auditors' Report.....	1-2
Consolidated Statement of Financial Position (Audited).....	3
Consolidated Statement of Activities and Changes in Net Assets (Reviewed) .....	4
Consolidated Statement of Cash Flows (Reviewed) .....	5
Notes to the Consolidated Financial Statements .....	6-15

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Crystal Cathedral Ministries

### **Auditors' Report on the Consolidated Statement of Financial Position**

We have audited the accompanying statement of financial position of Crystal Cathedral Ministries (the Organization) as of December 31, 2014, and the related notes to the financial statement.

### *Management's Responsibility for the Consolidated Financial Statement*

Management is responsible for the preparation and fair presentation of this consolidated financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on this consolidated financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the consolidated statement of financial position referred to above presents fairly, in all material respects, the financial position of the Organization as of December 31, 2014 in accordance with accounting principles generally accepted in the United States of America.

## **Review Report on the Consolidated Statements of Activities and Changes in Net Assets, and Cash Flows**

We have reviewed the accompanying consolidated statements of activities and changes in net assets, and cash flows for the year ended December 31, 2014. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated statements of activities and changes in net assets, and cash flows in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of consolidated statements of activities and changes in net assets, and cash flows.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated statements of activities and changes in net assets, and cash flows. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated statements of activities and changes in net assets, and cash flows in order for them to be in conformity with accounting principles generally accepted in the United States of America.



Long Beach, California  
July 13, 2015

**CRYSTAL CATHEDRAL MINISTRIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014  
(AUDITED)**

**ASSETS**

**ASSETS**

Cash and equivalents	\$ 2,861,086
Restricted cash held in trust	1,182,406
Investments	2,704,175
Pledges receivable	1,628,158
Accounts receivable	156,252
Other receivables	334,495
Inventory	77,001
Prepaid expenses and other assets	397,796
Property and equipment, net	<u>1,631,724</u>

**TOTAL ASSETS** \$ 10,973,093

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 220,882
Accrued expenses	451,984
Interest due to creditors	1,141,224
Other liabilities	201,814
Deferred revenue	371,563
Capital lease obligation	<u>67,929</u>
	<u>2,455,396</u>

**COMMITMENTS (Note 8)**

**NET ASSETS**

Unrestricted	4,441,819
Temporarily restricted	4,025,996
Permanently restricted	<u>49,882</u>
Total net assets	<u>8,517,697</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 10,973,093

See Independent Auditors' Report

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

**CRYSTAL CATHEDRAL MINISTRIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND  
CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

**(REVIEWED)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Donations and collections				
Ministry and media activities	\$ 7,360,046	\$ 1,277,208	\$ 1,000	\$ 8,638,254
Church activities	1,469,900	112,600	7,820	1,590,320
Tuition and enrollment fees	1,387,730	1,300		1,389,030
Other income	70,017			70,017
Investment income	1,604	8,566		10,170
Net assets released from restrictions	437,498	( 437,498)		
<b>Total Support and Revenues</b>	<u>10,726,795</u>	<u>962,176</u>	<u>8,820</u>	<u>11,697,791</u>
<b>EXPENDITURES</b>				
Program Services				
Ministry and media activities	8,764,571			8,764,571
Church activities	1,108,855			1,108,855
Educational activities	1,902,522			1,902,522
<b>Total Program Services</b>	<u>11,775,948</u>			<u>11,775,948</u>
Supporting Services				
General and administrative	315,582			315,582
Fund-raising	163,061			163,061
Interest	9,654			9,654
<b>Total Supporting Services</b>	<u>488,297</u>			<u>488,297</u>
<b>TOTAL EXPENDITURES</b>	<u>12,264,245</u>			<u>12,264,245</u>
<b>CHANGE IN NET ASSETS</b>	( 1,537,450)	962,176	8,820	( 566,454)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>5,979,269</u>	<u>3,063,820</u>	<u>41,062</u>	<u>9,084,151</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 4,441,819</u>	<u>\$ 4,025,996</u>	<u>\$ 49,882</u>	<u>\$ 8,517,699</u>

See Independent Auditors' Report

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

**CRYSTAL CATHEDRAL MINISTRIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(REVIEWED)**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	(\$ 566,454)
Adjustments to reconcile change in net assets to net cash and equivalents from operating activities:	
Net realized and unrealized gain on investments	( 3,165)
Depreciation	614,692
Loss on disposal of equipment	27,059
Changes in operating assets and liabilities:	
Pledges receivable	2,177,096
Accounts receivable	( 32,575)
Other receivables	( 32,686)
Inventory	71,142
Prepaid expenses and other assets	9,869
Accounts payable	118,424
Accrued expenses	296,860
Other liabilities	( 78,422)
Deferred revenue	( 11,333)
Net Cash Provided By Operating Activities	<u>2,590,507</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	( 667,340)
Proceeds from sale of investments	<u>281,224</u>
Net Cash Used In Investing Activities	<u>( 386,116)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payments on capital lease	( 20,391)
Net Cash Used In Financing Activities	<u>( 20,391)</u>
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	2,184,000
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>677,086</u>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,861,086</u>

See Independent Auditors' Report

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

## CRYSTAL CATHEDRAL MINISTRIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

#### NOTE 1 – Nature of Organization

##### *Operations*

The accompanying consolidated financial statements include the accounts of Crystal Cathedral Ministries and the Crystal Cathedral (collectively, the Organization), entities under common operational control. All significant transactions between the entities are eliminated in the consolidated financial statements.

The Organization's primary activities relate to the Shepherd's Grove church located in Garden Grove, California. Along with activities of the church, the weekly church service is broadcast world-wide as the "*Hour of Power with Bobby Schuller.*"

The primary sources of revenues for the Organization are donations received by the Shepherd's Grove church and donations received from viewers of the *Hour of Power*.

During the year ended December 31, 2014, the Organization's operations also included the Shepherd's Grove Schools, offering education for kindergarten through twelfth grade. The Organization's board initiated plans to terminate its operations of the Shepherd's Grove Schools upon conclusion of the 2014-2015 school year.

##### *Chapter 11 Bankruptcy*

The Organization filed for Chapter 11 bankruptcy in 2010 and has since continued operations in accordance with a court approved reorganization plan which included liquidating assets in order to satisfy all creditors of the Organization. The Organization reports restricted cash totaling \$1,182,406 as of December 31, 2014 on the accompanying balance sheet that is overseen by a court appointed plan agent responsible for the disbursement of assets to creditors. The cash is restricted for the purpose of a final distribution to settle the remaining interest due to creditors against the Organization. The Organization reports a corresponding liability for interest due to creditors totaling \$1,141,224 as of December 31, 2014. Final disbursements were made from the restricted cash account during March 2015, marking the conclusion of the reorganization plan.

## CRYSTAL CATHEDRAL MINISTRIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

#### NOTE 2 – Summary of Significant Accounting Policies

The consolidated financial statements of Crystal Cathedral Ministries have been prepared on the accrual basis in accordance with principles generally accepted in the United States of America. The following significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader.

##### *Consolidated Financial Statement Presentation*

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed restrictions that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus.

##### *Use of Estimates and Assumptions*

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements.

## CRYSTAL CATHEDRAL MINISTRIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

#### NOTE 2 – Summary of Significant Accounting Policies (Continued)

##### *Contributions*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor's stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Contributions, including endowment gifts and pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

##### *Legacies and Bequests*

The Organization has been named a beneficiary in a number of bequests. Bequests are not recognized as support until all of the following conditions are met: the demise of the testator; the amount of the bequest is known; and the Organization is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

##### *Contributed Services*

A substantial number of volunteers make significant contributions of their time in the furtherance of the Organization's purpose. The value of this contributed time is not reflected in the accompanying consolidated financial statements, as it does not meet the recognition criteria under generally accepted accounting principles for contributed services.

##### *Tuition Revenue*

Tuition and fees are recorded as revenues over the period the related academic services are rendered for students. Tuition and fees received in advance of services to be rendered are recorded as deferred tuition revenue.

## CRYSTAL CATHEDRAL MINISTRIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

#### NOTE 2 – Summary of Significant Accounting Policies (Continued)

##### *Cash and Equivalents*

The Organization considers cash equivalents to be all highly liquid debt instruments purchased with an initial maturity of three months or less. Cash and equivalents includes cash deposits with a bank and a treasury note.

The Organization maintains its cash in financial institutions which, at times, may exceed federally insured limits. Historically, the Organization has not experienced any losses in such accounts.

##### *Restricted Cash Held in Trust*

The Organization has restricted cash held in a trust account that is being overseen by the plan agent of their bankruptcy proceedings. The cash is restricted for the purposes of a final distribution to settle the remaining claims of creditors against the Organization as a result of the bankruptcy proceedings that commenced in 2010. The final distribution was made in March 2015.

##### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in certificates of deposit are valued at their fair values in the consolidated statement of financial position. Realized gains and losses are computed as the difference between historical cost and sales proceeds. Unrealized gains and losses are the change in the spread between historical cost and fair value during the year. Unrealized gains and losses are included in the change in net assets.

##### *Accounts Receivable*

Accounts receivable consist primarily of balances due for tuition and fees and are stated at the amount the Organization expects to collect from balances outstanding at year-end. The Organization records a provision for bad debts at such time as collectability cannot be reasonably assured. At December 31, 2014, there was no provision recorded for doubtful accounts.

## CRYSTAL CATHEDRAL MINISTRIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014

#### NOTE 2 – Summary of Significant Accounting Policies (Continued)

##### *Other Receivables*

Other receivables primarily represent billings for production costs of licensed content that the Organization permits certain international organizations the rights to air in their respective countries. The costs associated with any direct mailing services that the Organization provides on behalf of the international organizations are also billed by the Organization and included in other receivables. Management has concluded that anticipated losses on balances outstanding at December 31, 2014 are not significant.

##### *Inventory*

Inventory, consisting primarily of books and gifts offered as premiums to donors, is stated at the lower of cost or market. Cost is determined on the first-in, first-out method.

##### *Property and Equipment*

Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Building improvements are amortized over the remaining term of the building lease where the improvements are made. Expenditures for repairs and maintenance are expensed as incurred.

Amortization of equipment under capital lease is computed based on the shorter of the lease terms or the life of the asset and is included in depreciation expense.

Works of art that have been donated to the Organization, qualifying as part of a collection, are not capitalized or recognized as contributions at the time of the donation and are carried on the books at zero value.

##### *Allocation of Expenses*

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

**CRYSTAL CATHEDRAL MINISTRIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Advertising*

All costs associated with advertising and promoting the Organization’s activities are expensed in the year incurred. Advertising expense totaled approximately \$172,000 for the year ended December 31, 2014.

*Income Tax Status*

The Organization has received tax-exempt status from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code and section 23701(d) of the California Revenue and Taxation Code.

The Organization recognizes the financial statement benefit of tax positions, such as its position of being tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and state purposes is generally three and four years, respectively.

*Subsequent Events*

The Organization’s management has evaluated subsequent events and transactions for potential recognition or disclosure through July 13, 2015, the date the consolidated financial statements were available to be issued.

**NOTE 3 – Pledges Receivable**

Pledges receivable primarily relate to balances the Organization anticipates will be received from bequest interests. The Organization expects to collect the majority of the balance of pledges receivables within one year and has not recorded a reserve for doubtful pledges. The following is a summary of the Organization’s pledges receivable classified by the expected period of collection:

Receivable in less than one year	\$ 1,492,428
Receivable in one to five years	17,600
Receivable in more than five years	<u>118,130</u>
	<u>\$ 1,628,158</u>

**CRYSTAL CATHEDRAL MINISTRIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 4 – Property and Equipment**

Property and equipment consists of the following at December 31, 2014:

Furniture and equipment	\$ 8,128,490
Buildings and improvements	231,452
Automobiles	<u>155,186</u>
	8,515,128
Accumulated depreciation	( <u>6,883,404</u> )
	<u>\$ 1,631,724</u>

Included in buildings and improvements are modular buildings under capital lease with a cost of approximately \$221,000 at December 31, 2014 with accumulated depreciation approximating \$29,000.

**NOTE 5 – Fair Value Measurements**

The Financial Accounting Standards Board (FASB) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB also establishes a fair value hierarchy for the classification of instruments recorded at fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are other observable inputs, such as quoted prices for similar instruments or quoted prices in markets that are not active.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following is a description of valuation methodologies used for assets recorded at fair value:

*Investments:* Where quoted prices are available in active markets, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded funds. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments, which would generally be classified within Level 2 of the fair value hierarchy, include certificates of deposit.

**CRYSTAL CATHEDRAL MINISTRIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 – Fair Value Measurements (Continued)**

The following table presents instruments that are measured at fair value on a recurring basis in the accompanying consolidated statement of financial position at December 31, 2014:

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Total</u>	<u>Quoted Prices</u>	<u>Other</u>	<u>Significant</u>
	<u>Fair Value</u>	<u>in Active</u>	<u>Observable</u>	<u>Unobservable</u>
		<u>Markets</u>	<u>Inputs</u>	<u>Inputs</u>
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Equity securities	\$ 47,881	\$ 47,881		
Certificates of deposit	<u>2,656,294</u>		<u>\$ 2,656,294</u>	
	<u>\$ 2,704,175</u>	<u>\$ 47,881</u>	<u>\$ 2,656,294</u>	<u>None</u>

**NOTE 6 – Temporarily Restricted Net Assets**

Temporarily restricted net assets designated for a specific program or restricted by time as of December 31, 2014 are as follows:

Airtime	\$ 3,606,882
Program production	96,000
Children’s choir and music	125,000
Family ministry development	96,000
Scholarships	51,876
Other program and time restrictions	<u>50,238</u>
	<u>\$ 4,025,996</u>

For the year ended December 31, 2014, net assets were released from donor restrictions by satisfying the restricted purposes specified by the donors as follows:

Airtime and media	\$ 400,222
Other program and time restrictions	<u>37,276</u>
	<u>\$ 437,498</u>

**CRYSTAL CATHEDRAL MINISTRIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 – Endowment**

The Organization’s endowment consists of individual donor-designated funds to support the activities of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization’s endowment funds as of December 31, 2014 by net asset class are as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Airtime and media	\$ 3,606,882	\$ 20,230	\$ 3,627,112
Congregation	18,228	29,652	47,880
	<u>\$ 3,625,110</u>	<u>\$ 49,882</u>	<u>\$ 3,674,992</u>

Changes in endowment net assets for the year ended December 31, 2014 were as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
January 1, 2014	\$ 2,961,402	\$ 41,062	\$ 3,002,464
Contributions	1,055,208	8,820	1,064,028
Investment return	8,722		8,722
Expenditures	( 400,222)		( 400,222)
December 31, 2014	<u>\$ 3,625,110</u>	<u>\$ 49,882</u>	<u>\$ 3,674,992</u>

The Organization’s management and Board of Directors understand California State law as (1) requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for the Organization’s endowment funds is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. The endowment funds are also managed to optimize the long-term total rate of return on invested assets, assuming a prudent level of risk.

**CRYSTAL CATHEDRAL MINISTRIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 – Endowment (Continued)**

The Organization’s Investment Committee is responsible for making decisions on the placement of investment assets for endowment funds. The Investment Committee employs an investment management strategy which considers both financial return and social good (“socially responsible investing”). Additionally, the committee also seeks to broadly diversify the Organization’s investment portfolio in order to mitigate the risk of a large loss due to concentrations.

**NOTE 8 – Commitments**

*Capital Lease*

The Organization has a capital lease, secured by certain modular buildings, payable in monthly installments, including imputed interest at 12%, with final payment due August 2017. Commitments under the capital lease are as follows:

<u>Year Ending December 31,</u>	
2015	\$ 29,892
2016	29,892
2017	<u>19,928</u>
	79,712
Less: amounts representing interest	<u>( 11,783)</u>
	<u>\$ 67,929</u>

*Operating Leases*

The Organization maintains an operating lease agreement primarily for church facilities. The lease expires in December 2022, although it allows for termination by the Organization with a 90-day notice. Rent expense for the year ended December 31, 2014 totaled approximately \$635,000.