

CRYSTAL CATHEDRAL MINISTRIES

FINANCIAL STATEMENTS

December 31, 2021
with Comparative Information for 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Crystal Cathedral Ministries

Opinion

We have audited the accompanying financial statements of Crystal Cathedral Ministries (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crystal Cathedral Ministries (the Organization) as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Long Beach, California
September 13, 2022

CRYSTAL CATHEDRAL MINISTRIES

STATEMENT OF FINANCIAL POSITION

ASSETS

	December 31,	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 896,345	\$ 682,932
Investments	4,552,436	3,645,478
Accounts receivable	762,904	372,767
Inventory	214,998	193,071
Prepaid expenses and other assets	216,999	137,973
Property and equipment, net	<u>500,372</u>	<u>459,166</u>
TOTAL ASSETS	<u>\$ 7,144,054</u>	<u>\$ 5,491,387</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 104,363	\$ 73,768
Accrued expenses	516,267	291,644
Paycheck Protection Program loan	-	414,709
Total liabilities	<u>620,630</u>	<u>780,121</u>

COMMITMENTS (Note 9)

NET ASSETS		
Without donor restrictions	4,256,069	2,254,618
With donor restrictions	<u>2,267,355</u>	<u>2,456,648</u>
Total net assets	<u>6,523,424</u>	<u>4,711,266</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,144,054</u>	<u>\$ 5,491,387</u>
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The accompanying notes are an integral part of these financial statements.

CRYSTAL CATHEDRAL MINISTRIES

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2021</u>	<u>2020</u>
SUPPORT AND REVENUE				
Donations and collections	\$ 6,081,928	\$ 66,666	\$ 6,148,594	\$ 6,838,545
Royalty income	1,919,050	-	1,919,050	59,255
PPP loan forgiveness	414,709	-	414,709	-
Other income	79,454	-	79,454	260,395
Interest and dividends	68,619	-	68,619	40,406
Gain on investments	281,731	-	281,731	136,688
Net assets released from restrictions	<u>255,959</u>	<u>(255,959)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>9,101,450</u>	<u>(189,293)</u>	<u>8,912,157</u>	<u>7,335,289</u>
EXPENDITURES				
Program Services				
Ministry and media activities	<u>5,445,769</u>	-	<u>5,445,769</u>	<u>5,103,446</u>
Total Program Services	<u>5,445,769</u>	-	<u>5,445,769</u>	<u>5,103,446</u>
Supporting Services				
General and administrative	569,748	-	569,748	517,564
Fundraising	291,930	-	291,930	308,355
Facilities	<u>792,552</u>	-	<u>792,552</u>	<u>689,937</u>
Total Supporting Services	<u>1,654,230</u>	-	<u>1,654,230</u>	<u>1,515,856</u>
TOTAL EXPENDITURES	<u>7,099,999</u>	-	<u>7,099,999</u>	<u>6,619,302</u>
CHANGE IN NET ASSETS	2,001,451	(189,293)	1,812,158	715,987
NET ASSETS AT BEGINNING OF YEAR	<u>2,254,618</u>	<u>2,456,648</u>	<u>4,711,266</u>	<u>3,995,279</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,256,069</u>	<u>\$ 2,267,355</u>	<u>\$ 6,523,424</u>	<u>\$ 4,711,266</u>

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

CRYSTAL CATHEDRAL MINISTRIES

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR 2020**

	Program Services				Total Support	Totals	
	Ministry and Media Outreach	Supporting Services				2021	2020
		General and Administrative	Fundraising	Facilities			
PERSONNEL EXPENSES							
Salaries and wages	\$ 1,172,277	\$ 125,370	\$ 144,362	\$ -	\$ 269,732	\$ 1,442,009	\$ 1,220,307
Payroll taxes	75,577	18,413	4,521	-	22,934	98,511	73,372
Health insurance	51,014	42,949	5,206	-	48,155	99,169	48,898
Benefits	17,635	1,717	-	-	1,717	19,352	20,241
Total personnel expenses	<u>1,316,503</u>	<u>188,449</u>	<u>154,089</u>	<u>-</u>	<u>342,538</u>	<u>1,659,041</u>	<u>1,362,818</u>
OPERATIONAL EXPENSES							
Advertising	299,603	1,054	-	-	1,054	300,657	3,737
Airtime/Production	1,062,385	-	-	-	-	1,062,385	1,152,839
Contractors	133,099	-	48,000	-	48,000	181,099	192,905
Depreciation	-	-	-	149,058	149,058	149,058	136,126
Donation	-	-	-	-	-	-	800
Education and scholarships	800	1,265	-	-	1,265	2,065	-
Equipment leases	1,125	54,517	-	751	55,268	56,393	68,406
Events	1,443	285	678	71,951	72,914	74,357	14,406
Fees and dues	36,007	75,368	-	-	75,368	111,375	104,286
Insurance	-	-	-	73,144	73,144	73,144	64,570
Interest expense	-	-	-	-	-	-	12,118
Offers	200,862	-	-	-	-	200,862	275,590
Printing and postage	638,133	1,484	1,177	-	2,661	640,794	717,556
Professional fees music	369,026	-	-	-	-	369,026	109,272
Professional fees operations	1,296,986	173,498	87,211	215	260,924	1,557,910	1,771,361
Repairs and maintenance	8,066	-	-	182,945	182,945	191,011	179,453
Rent	-	13,870	-	299,124	312,994	312,994	311,796
Storage	-	-	-	13,870	13,870	13,870	26,459
Supplies/Food	64,277	58,835	775	547	60,157	124,434	103,240
Telephone	-	-	-	-	-	-	8,878
Travel	10,769	-	-	-	-	10,769	1,230
Utilities	6,685	1,123	-	947	2,070	8,755	1,456
Total operational expenses	<u>4,129,266</u>	<u>381,299</u>	<u>137,841</u>	<u>792,552</u>	<u>1,311,692</u>	<u>5,440,958</u>	<u>5,256,484</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 5,445,769</u>	<u>\$ 569,748</u>	<u>\$ 291,930</u>	<u>\$ 792,552</u>	<u>\$ 1,654,230</u>	<u>\$ 7,099,999</u>	<u>\$ 6,619,302</u>

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

CRYSTAL CATHEDRAL MINISTRIES

STATEMENT OF CASH FLOWS

	For the Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,812,158	\$ 715,987
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain on investments	(281,731)	(136,688)
Gain on disposal of property and equipment	(500)	(2,503)
Depreciation	149,058	136,126
Forgiveness of PPP loan	(414,709)	-
Changes in operating assets and liabilities:		
Pledges receivable	-	1,528,202
Accounts receivable	(390,137)	(160,790)
Inventory	(21,927)	61,941
Prepaid expenses and other assets	(79,026)	12,078
Accounts payable	30,595	(47,959)
Accrued expenses	224,623	(111,015)
Net Cash Provided By Operating Activities	1,028,404	1,995,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(190,264)	(68,412)
Proceeds from disposal of equipment	500	2,503
Purchases of investments, net	(625,227)	(1,079,302)
Net Cash Used In Investing Activities	(814,991)	(1,145,211)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayments on notes payable	-	(976,577)
Proceeds from Paycheck Protection Program loan	-	414,709
Net Used In Financing Activities	-	(561,868)
NET CHANGE IN CASH AND EQUIVALENTS	213,413	288,300
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	682,932	394,632
CASH AND EQUIVALENTS AT END OF YEAR	\$ 896,345	\$ 682,932
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest expense	\$ -	\$ 12,119

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

CRYSTAL CATHEDRAL MINISTRIES

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2021

NOTE 1 – Nature of Organization

Crystal Cathedral Ministries (the Organization) is a nonprofit corporation which operates from Irvine, California. The Organization broadcasts the Shepherd’s Grove Presbyterian Church service weekly as the “*Hour of Power with Bobby Schuller.*” The Organization receives donations from the viewers of the Hour of Power with Bobby Schuller.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

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

Recently Issued Accounting Standard

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Organization’s fiscal years beginning after December 15, 2021 (fiscal year ending December 31, 2022 for the Organization), with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

CRYSTAL CATHEDRAL MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

With Donor Restrictions – Net assets subject to donor-imposed restrictions that may be temporary in nature that may be or will be met by actions of the Organization or the passage of time. Other donor stipulations may be perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing 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 revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Prior-Period Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Contributions

All contributions are considered to be without donor restriction, 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 donor-restricted support that increases net assets with donor restrictions. When a donor's stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

CRYSTAL CATHEDRAL MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contributions (Continued)

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. Contributions are included in donations and collections in the accompanying statement of activities.

Legacies and Bequests

The Organization has been named a beneficiary in several 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 will is valid, irrevocable and not contested. Legacies and bequests are included in donations and collections in the accompanying statement of activities.

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 financial statements, as it does not meet the recognition criteria under generally accepted accounting principles for contributed services.

Cash 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 include cash deposits with a bank and treasury notes.

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.

CRYSTAL CATHEDRAL MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the 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 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 accounts receivable. Management has concluded that anticipated losses on balances outstanding at December 31, 2021 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, except for 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 ten 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.

CRYSTAL CATHEDRAL MINISTRIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 of time and effort made by management.

Advertising

All costs associated with advertising and promoting the Organization's activities are expensed in the year incurred. Advertising expense totaled approximately \$300,657 and \$3,737 for the years ended December 31, 2021 and 2020, respectively.

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.

Contingencies

The Organization may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the Organization.

Subsequent Events

Management has evaluated subsequent events through September 13, 2022, the date these financial statements were available to be issued.

CRYSTAL CATHEDRAL MINISTRIES

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 896,345
Investments	4,552,436
Accounts receivable	<u>762,904</u>
	<u>6,211,685</u>
Less amounts unavailable for general expenditure within one year due to:	
Restricted by donor for purpose	<u>(2,267,355)</u>
	 <u>\$ 3,944,330</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – Property and Equipment

Property and equipment consist of the following at December 31, 2021:

Furniture and equipment	\$ 4,653,628
Buildings and improvements	63,852
Project in process	<u>184,000</u>
	4,901,480
Accumulated depreciation	<u>(4,401,108)</u>
	 <u>\$ 500,372</u>

Depreciation expense was \$149,058 for the year ended December 31, 2021.

CRYSTAL CATHEDRAL MINISTRIES

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 – Paycheck Protection Program Loan

In March 2020, Congress passed the Paycheck Protection Program (PPP), authorizing loans to small businesses for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities and interest on mortgages. In April 2020, the Organization was granted a Small Business Administration (SBA) loan in the amount of \$414,709 through the PPP. Loans obtained through the PPP are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met. In February 2021, the Organization was notified by the SBA that their application to have the PPP loan forgiven had been approved. For the year ended December 31, 2021, forgiveness income totaling \$414,709 is included in “PPP loan forgiveness” in the accompanying statement of activities.

NOTE 6 – 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 table presents assets that are measured at fair value on a recurring basis at December 31, 2021:

	Fair Value Measurements at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Equity funds	\$ 2,287,462	-	-	\$ 2,287,462
Fixed income – EFT’s	2,265,010	-	-	2,265,010
Total assets at fair value	\$ 4,552,436	None	None	\$ 4,552,436

CRYSTAL CATHEDRAL MINISTRIES

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 – Net Assets with Donor Restrictions

Activity for net assets with donor restrictions designated for a specific program or restricted by time for the year ended December 31, 2021 is as follows:

	Beginning of Year	Support and Revenue	Released from Restriction	End of Year
Airtime and media	\$ 2,446,648	\$ 66,666	\$ (255,959)	\$ 2,257,355
Other program and time restrictions	10,000	-	-	10,000
	<u>\$ 2,456,648</u>	<u>\$ 66,666</u>	<u>\$ (255,959)</u>	<u>\$ 2,267,355</u>

NOTE 8 – Endowment

The endowment is restricted for support of the television program *Hour of Power*, and annual spending appropriations are restricted to 10% of the fund balance.

The Organization’s endowment funds as of December 31, 2021 by net asset class are as follows:

	Airtime and Media
Original donor-restricted amount maintained in perpetuity	\$ 36,240
Donor-restricted amount maintained with limited release and accumulated investment gains	2,221,115
	<u>\$ 2,257,355</u>

CRYSTAL CATHEDRAL MINISTRIES

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 – Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2021 were as follows:

	<u>Airtime and Media</u>
Balance, January 1, 2021	\$ 2,446,648
Contributions	66,666
Net asset reclassification	<u>(255,959)</u>
Balance, December 31, 2021	<u>\$ 2,257,355</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.

The Organization’s Board approves the yearly spending amount annually, in line with any donor-imposed restrictions.

The Organization’s Investment Committee (the Committee) is responsible for making decisions on the placement of investment assets for endowment funds. The 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.

CRYSTAL CATHEDRAL MINISTRIES

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 – Commitments and Contingencies

Lease Commitments

The Organization leases its Irvine, California facility under a sixty-month non-cancelable agreement expiring in April 2023 from Irvine Presbyterian Church (Affiliate). The monthly lease rates range from \$50,100 at inception to \$56,388 at expiration. Under the terms of this agreement, the Organization is responsible to pay executory costs (real estate taxes, insurance, utilities, and maintenance).

The Organization leases additional storage facilities and office equipment for varying terms and conditions under long-term noncancelable operating lease agreements. These leases expire at various dates through April 2022. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other storage facilities or office equipment.

For the year ended December 31, 2021, rental expense totaled \$734,300.

At December 31, 2021, minimum annual rental commitments under noncancelable leases are payable as follows:

<u>Year Ending December 31,</u>	
2022	\$ 681,886
2023	<u>225,552</u>
	<u>\$ 907,438</u>

Shared Costs Allocation

The Organization is subject to a shared costs allocation agreement with its Affiliate whereby certain shared costs, including facilities rent, are reimbursed to the Organization. At December 31, 2021, amounts due from the Affiliate included in accounts receivable in the accompanying statement of financial position is summarized as follows:

Balance, January 1, 2021	\$ 153,444
Shared costs allocation	839,561
Cash reimbursements	<u>(404,322)</u>
Balance, December 31, 2021	<u>\$ 588,683</u>

CRYSTAL CATHEDRAL MINISTRIES

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 – Royalty Income

During the year ended December 31, 2021, the Organization received a catchup distribution of escrowed funds relating to compulsory cable and satellite licensing royalties that were held by the U.S. Copyright Office pending resolution of legal disputes dating back to 1999. At December 31, 2021, some of these legal disputes are still pending which could result in future release of additional funds. Due to the uncertainty surrounding settlement of pending legal disputes, the Organization will not recognize any amount in the financial statements until received.