

LEADING THE WAY WITH
DR. MICHAEL YOUSSEF AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 and 2014
AND
INDEPENDENT AUDITORS' REPORT

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
TABLE OF CONTENTS
JUNE 30, 2015 and 2014

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	2
CONSOLIDATED STATEMENTS OF ACTIVITIES	3
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - YEAR ENDED JUNE 30, 2015	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - YEAR ENDED JUNE 30, 2014	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-12

Reed, Quinn & McClure, LLC

CERTIFIED PUBLIC ACCOUNTANTS

2055 North Brown Road, Suite 150
Lawrenceville, Georgia 30043-4920
(770) 449-9144 Fax (770) 449-9201

Larry N. Reed, CPA
Sheron R. Quinn, CPA
Daniel T. McClure, CPA
Pauline E. Shannon, CPA
www.rqmcpa.com

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Leading The Way with Dr. Michael Youssef and Affiliate
Atlanta, Georgia

We have audited the accompanying consolidated financial statements of Leading The Way with Dr. Michael Youssef and Affiliate, ("LTW") which comprise the statement of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of Leading the Way with Dr. Michael Youssef and Affiliate. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Reed, Quinn & McClure LLC

Lawrenceville, Georgia
January 29, 2016

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 and 2014

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 13,402,511	\$ 11,965,286
Accounts receivable	93,705	50,377
Prepaid expenses	357,882	373,404
Investments - long term	2,141,182	1,647,084
Property, plant and equipment, net of accumulated depreciation	11,199,116	11,853,227
Projects in progress	61,000	-
Other assets	147,103	151,618
Total assets	\$ <u>27,402,499</u>	\$ <u>26,040,996</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,195,747	\$ 937,783
Accrued expenses	5,892	32,702
Deferred revenues	15,000	15,000
Total liabilities	<u>1,216,639</u>	<u>985,485</u>
 Net Assets		
Unrestricted	25,425,278	24,593,790
Temporarily restricted	760,582	461,721
Total net assets	<u>26,185,860</u>	<u>25,055,511</u>
Total liabilities and net assets	\$ <u>27,402,499</u>	\$ <u>26,040,996</u>

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND SUPPORT						
Contributions	\$ 15,541,983	\$ 1,594,908	\$ 17,136,891	\$ 14,197,393	\$ 1,130,433	\$ 15,327,826
Product sales	197,957	-	197,957	165,607	-	165,607
Satellite partners	663,384	-	663,384	671,163	-	671,163
Investment income	3,838	-	3,838	4,947	-	4,947
Rental revenues	194,989	-	194,989	195,727	-	195,727
Gain on sale of property	-	-	-	1,544,992	-	1,544,992
Miscellaneous	165,146	-	165,146	75,449	-	75,449
Total revenues and support	<u>16,767,297</u>	<u>1,594,908</u>	<u>18,362,205</u>	<u>16,855,278</u>	<u>1,130,433</u>	<u>17,985,711</u>
Net assets released from restrictions	1,296,047	(1,296,047)	-	1,014,458	(1,014,458)	-
Total revenues, gains and support	<u><u>18,063,344</u></u>	<u><u>298,861</u></u>	<u><u>18,362,205</u></u>	<u><u>17,869,736</u></u>	<u><u>115,975</u></u>	<u><u>17,985,711</u></u>
EXPENSES AND LOSSES						
Program services	15,493,301	-	15,493,301	14,342,757	-	14,342,757
Management and general	402,132	-	402,132	494,043	-	494,043
Fundraising	1,336,423	-	1,336,423	1,171,737	-	1,171,737
Total expenses and losses	<u>17,231,856</u>	<u>-</u>	<u>17,231,856</u>	<u>16,008,537</u>	<u>-</u>	<u>16,008,537</u>
INCREASE (DECREASE) IN NET ASSETS	831,488	298,861	1,130,349	1,861,199	115,975	1,977,174
NET ASSETS - BEGINNING OF YEAR	<u>24,593,790</u>	<u>461,721</u>	<u>25,055,511</u>	<u>22,732,591</u>	<u>345,746</u>	<u>23,078,337</u>
NET ASSETS - END OF YEAR	<u><u>\$ 25,425,278</u></u>	<u><u>\$ 760,582</u></u>	<u><u>\$ 26,185,860</u></u>	<u><u>\$ 24,593,790</u></u>	<u><u>\$ 461,721</u></u>	<u><u>\$ 25,055,511</u></u>

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services			Management and General	Fundraising	Total
	Domestic Program	Overseas Program	Total Program			
Salaries and benefits	\$ 1,404,573	\$ 679,424	\$ 2,083,997	\$ 207,927	\$ 648,006	\$ 2,939,930
Acknowledgments	16,393	-	16,393	-	-	16,393
Advertising	13,610	1,900	15,510	-	-	15,510
Agency fees	125,850	-	125,850	-	-	125,850
Appeal letter/Direct mail	-	2,675	2,675	-	142,000	144,675
Bank and credit card charges	117,891	-	117,891	7,964	-	125,855
Benevolence	-	506,750	506,750	-	-	506,750
Building maintenance	61,800	20,600	82,400	10,300	10,300	103,000
Building supplies	3,106	1,035	4,141	518	518	5,177
Computer expenses	74,217	19,318	93,535	1,526	1,526	96,587
Consulting	169,135	28,012	197,147	10,845	50,712	258,704
Contracted services	309,895	272,628	582,523	19,099	11,367	612,989
Copier lease/maintenance	6,179	2,060	8,239	1,030	1,030	10,299
Database management	27,366	6,841	34,207	-	12,010	46,217
Depreciation	523,740	174,580	698,320	87,290	87,290	872,900
Dues and subscriptions	18,207	-	18,207	-	-	18,207
Equipment rental/small purchases	24,679	17,799	42,478	1,058	1,831	45,367
Equipment repairs	23,546	31,149	54,695	3,195	3,195	61,085
Events	4,698	-	4,698	-	-	4,698
Follow up materials	8,668	13,863	22,531	-	-	22,531
Fund raising events	-	-	-	-	205,422	205,422
Hospitality	897	1,082	1,979	8,213	14,068	24,260
Insurance	28,940	9,647	38,587	4,823	4,823	48,233
Internet broadcasting/Web site	216,651	79,003	295,654	-	-	295,654
Janitorial costs	18,905	6,302	25,207	3,151	3,151	31,509
Landscape	10,368	3,456	13,824	1,728	1,728	17,280
Lease	4,418	1,473	5,891	736	736	7,363
Legal and professional	12,543	4,181	16,724	2,090	11,425	30,239
Management, writing & design	26,010	6,502	32,512	-	-	32,512
Miscellaneous	(2,411)	55,847	53,436	(1,087)	8,807	61,156
Monthly ministry letter/journal	247,284	37,853	285,137	-	-	285,137
Office management	-	16,155	16,155	-	-	16,155
Packaging	16,599	-	16,599	-	-	16,599
Phone answering service	134,114	-	134,114	-	-	134,114
Postage	242,525	17,500	260,025	383	8,983	269,391
Postage equip lease	3,822	1,168	4,990	424	424	5,838
Printing	4,847	8,014	12,861	-	-	12,861
Production costs	269,865	452,309	722,174	-	-	722,174
Program airtime	5,803,037	1,674,361	7,477,398	-	-	7,477,398
Property tax	14,047	4,682	18,729	2,341	2,341	23,411
Resource materials	149,107	21	149,128	-	-	149,128
Satellite	-	506,230	506,230	-	-	506,230
Security	7,317	2,439	9,756	1,220	1,220	12,196
Special projects	26,527	6,632	33,159	-	-	33,159
Storage	15,226	683	15,909	341	341	16,591
Supplies	18,196	12,409	30,605	1,310	3,904	35,819
Telephone	34,019	15,691	49,710	4,912	10,959	65,581
Training/conferences	3,909	28,155	32,064	2,747	3,068	37,879
Travel	83,157	372,543	455,700	9,691	76,881	542,272
Utilities	50,143	16,714	66,857	8,357	8,357	83,571
Total expenses	\$ 10,373,615	\$ 5,119,686	\$ 15,493,301	\$ 402,132	\$ 1,336,423	\$ 17,231,856

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services			Management and General	Fundraising	Total
	Domestic Program	Overseas Program	Total Program			
Salaries and benefits	\$ 1,287,077	\$ 660,423	\$ 1,947,500	\$ 181,497	\$ 638,931	\$ 2,767,928
Acknowledgments	14,479	-	14,479	-	-	14,479
Advertising	5,000	-	5,000	-	-	5,000
Appeal letter/Direct mail	-	-	-	-	123,510	123,510
Bank and credit card charges	112,679	-	112,679	8,448	-	121,127
Benevolence	-	350,084	350,084	-	-	350,084
Building maintenance	30,365	10,122	40,487	5,061	5,061	50,609
Building supplies	9,005	3,002	12,007	1,501	1,501	15,009
Computer expenses	55,776	14,798	70,574	1,606	1,606	73,786
Consulting	187,268	17,425	204,693	7,989	32,655	245,337
Contracted services	134,884	116,673	251,557	3,648	3,648	258,853
Copier lease/maintenance	5,361	1,787	7,148	894	894	8,936
Database management	46,809	11,492	58,301	-	12,140	70,441
Depreciation	551,365	183,788	735,153	91,894	91,894	918,941
Dues and subscriptions	20,350	-	20,350	-	-	20,350
Equipment rental/small purchases	18,187	7,469	25,656	972	1,372	28,000
Equipment repairs	12,358	3,862	16,220	1,739	1,739	19,698
Events	28,613	-	28,613	-	-	28,613
Follow up materials	9,625	14,208	23,833	-	-	23,833
Fund raising events	-	-	-	-	103,362	103,362
Hospitality	2,718	1,356	4,074	8,123	10,349	22,546
Insurance	25,757	8,586	34,343	4,293	4,293	42,929
Internet broadcasting/Web site	208,222	64,557	272,779	-	-	272,779
Janitorial costs	16,572	5,524	22,096	2,762	2,762	27,620
Landscape	9,072	3,024	12,096	1,512	1,512	15,120
Lease	4,797	1,599	6,396	800	800	7,996
Legal and professional	6,360	2,120	8,480	1,060	8,407	17,947
Management, writing & design	27,755	6,939	34,694	-	-	34,694
Miscellaneous	19,703	94,542	114,245	145,410	9,944	269,599
Monthly ministry letter/journal	198,033	56,135	254,168	-	-	254,168
Office management	-	21,775	21,775	-	-	21,775
Packaging	16,153	-	16,153	-	-	16,153
Phone answering service	133,797	-	133,797	-	-	133,797
Postage	172,517	7,076	179,593	1,214	7,693	188,500
Postage equip lease	6,451	1,961	8,412	425	420	9,257
Printing	15,555	3,217	18,772	-	-	18,772
Production costs	263,269	150,480	413,749	-	-	413,749
Program airtime	6,000,196	1,806,676	7,806,872	-	-	7,806,872
Property tax	14,414	4,805	19,219	2,402	2,402	24,023
Resource materials	110,738	95	110,833	-	-	110,833
Satellite	-	508,545	508,545	-	-	508,545
Security	6,175	2,058	8,233	1,029	1,029	10,291
Special projects	18,126	4,531	22,657	-	-	22,657
Storage	15,818	648	16,466	324	324	17,114
Supplies	40,825	12,220	53,045	4,185	6,519	63,749
Telephone	4,370	15,496	19,866	432	5,744	26,042
Training	5,941	3,792	9,733	133	-	9,866
Travel	69,693	124,772	194,465	3,082	79,618	277,165
Utilities	69,650	23,217	92,867	11,608	11,608	116,083
Total expenses	\$ 10,011,878	\$ 4,330,879	\$ 14,342,757	\$ 494,043	\$ 1,171,737	\$ 16,008,537

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 and 2014
Increase (Decrease) in Cash

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,130,349	\$ 1,977,174
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Non-cash contributions	(5,600)	(137,200)
Depreciation	872,900	918,941
(Gain) loss on investments	(1,551)	(3,225)
(Gain) loss on collections	-	(65,000)
(Gain) on sale of property	-	(1,544,992)
Accounts receivable	(51,485)	37,954
Prepaid expenses	15,522	(15,087)
Other assets	4,515	4,549
Accounts payable	257,964	(244,276)
Accrued expenses	(26,810)	6,120
Deferred rent	8,157	(20,177)
Net cash provided (used) by operating activities	<u>2,203,961</u>	<u>914,781</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(274,189)	(128,572)
Proceeds from sale of property	-	2,657,190
Proceeds from investments	8,850	26,951
Purchase of investments	(501,397)	(1,001,250)
Net cash provided (used) by investing activities	<u>(766,736)</u>	<u>1,554,319</u>
INCREASE (DECREASE) IN CASH	1,437,225	2,469,100
Cash - beginning of the year	<u>11,965,286</u>	<u>9,496,186</u>
Cash - end of year	<u>\$ 13,402,511</u>	<u>\$ 11,965,286</u>
SUPPLEMENTAL DISCLOSURES		
Non-cash activities:		
Fair value of donated property	\$ 5,600	\$ 137,200
Fair value of donated equities	\$ 794,275	\$ 635,624

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

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Leading the Way with Dr. Michael Youssef ("LTW"), and McMichael Communications Group ("MCG"). All material inter-organization transactions have been eliminated.

Leading The Way with Dr. Michael Youssef is a global ministry committed to sharing the Gospel with the lost and equipping believers to grow into a deeper walk with Christ. *Leading The Way's* television and radio programs are broadcast in 25 languages, covering more than 190 countries. *Leading The Way* also produces DVDs, CDs, books, a monthly devotional magazine, solar-powered *Navigator* devices, and daily e-devotionals to spread the light of Christ. In 2009, the ministry launched THE KINGDOM SAT satellite television channel to broadcast Biblical Truth to five continents in English, Arabic, and French and to respond to and disciple viewers through on-the-ground follow-up teams. Committed to encouraging Christians who are taking a stand for the faith, *Leading The Way* also provides vital aid to persecuted believers through its *Help The Persecuted* ministry.

McMichael Communications Group is a non-profit organization, which was established to serve as a supporting organization to LTW. MCG purchases airtime on radio and television stations throughout the world on behalf of LTW. LTW pays MCG for the cost of the airtime and provides MCG with office space and administrative services at no charge.

LTW is funded primarily through contributions from the general public, The Church of The Apostles of Atlanta, and proceeds from sales of resource materials.

Financial Statement Presentation

LTW is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, LTW is required to present a statement of cash flows. Assets on the statement of financial position are listed in order of decreasing liquidity. Liabilities are listed according to nearness of maturity.

Fair Value of Financial Instruments

Fair value is defined as an exit price, representing the amount 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. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820 establishes a three level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels used to measure fair value are as follows:

- Level 1 Quoted prices in an active market for identical assets or liabilities;
- Level 2 Observable inputs other than quoted market prices included in level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data;
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; this includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 and 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Fair Value of Financial Instruments- continued

Cash and cash equivalents and accounts payable are stated at cost, which approximates fair value due to their short-term maturity. Collections of art donated to the organization are valued at level 3 fair values.

Contributions

All contributions and unconditional promises to give are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restriction and reported on the statement of activities as net assets released from restrictions. When the donor restrictions are satisfied within the same reporting period as the temporarily restricted contribution is made, the temporarily restricted contribution is reported as temporarily restricted and as assets released from restriction.

Donated Services and Non-Monetary Assets

Contributions of nonmonetary assets are recorded at fair value at the date of receipt, including contributions of services that can be measured by the creation or enhancement of a nonfinancial asset. Fair value is based on quoted market prices or other objective valuation techniques. No amounts have been reflected in the financial statements for contributed services when no objective valuation technique is available.

Revenues from Lease agreements

Lease revenues are recognized over the term of the lease on a straight line basis. Amounts recognized in excess of amounts received are included on the statement of financial position in accounts receivable. See Note 10 for further detail.

Functional allocation of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as reflected on the statements of functional expenses.

Income Taxes

LTW and MCG are qualified as tax-exempt organizations under Internal Revenue Code Section 501(c)(3). The IRS has determined that neither organization is a private foundation. Accordingly, no provision for income taxes is necessary.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, cash and cash equivalents include cash, certificates of deposit and investments with an initial maturity of three months or less.

Investments

Investments are reported at fair value. Unrealized gains and losses arising from changes in the fair value of the investments are reported in the statements of activities as increases or decreases in net assets as appropriate. Investment fees are reported as a reduction of investment income.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair market value at date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Repairs and maintenance are expensed as incurred, and any betterments that extend the useful life of an asset are capitalized.

Estimates

Financial statements prepared in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, LTW has evaluated events and transactions for potential recognition or disclosure through January 29, 2016 the date the financial statements were available to be issued.

2. CONCENTRATIONS OF CREDIT RISK

LTW maintains its cash balances in high credit quality institutions. These balances are insured by the FDIC up to \$250,000 for interest bearing accounts, per financial institution. At June 30, 2015 and 2014, LTW had balances in excess of the FDIC insured limits of approximately \$12,478,154 and \$11,257,139 respectively.

3. INVESTMENTS

Investments consist of the following at June 30:

	2015	2014
Money market funds	\$ 604,868	\$ 603,660
Mutual funds	13,666	11,973
Fixed indexed annuity	1,500,000	1,000,000
Limited partnerships	19,965	28,814
Total, at cost or donated basis	<u>2,138,499</u>	<u>1,644,447</u>
Unrealized appreciation	2,683	2,637
Total, at fair market value	<u>\$ 2,141,182</u>	<u>\$ 1,647,084</u>

Investment income consists of the following at June 30:

	2015	2014
Interest and dividends	\$ 2,287	\$ 1,722
Unrealized gains(losses)	1,551	3,225
Total investment income(loss)	<u>\$ 3,838</u>	<u>\$ 4,947</u>

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 and 2014

3. INVESTMENTS - Continued

Limited partnerships are comprised of Venture Capital funds whose primary activities are to invest in various other marketable securities. Fair value stated above is equal to LTW's capital account balances reported on the investees' financial statements. The investees have adjusted the capital accounts on their financial statements to reflect the fair market value of the underlying investments. As of June 30, 2015 and 2014 there were no cash commitments due to the limited partnerships.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	2015	2014
Building and improvements	\$ 10,260,099	\$ 10,233,705
Equipment	3,086,259	2,939,557
Furniture and fixtures	548,001	507,858
Artwork	354,050	348,450
Total	14,248,409	14,029,570
Less: Accumulated depreciation	(3,049,293)	(2,176,343)
	\$ 11,199,116	\$ 11,853,227
Depreciation expense	\$ 872,899	\$ 918,941

5. QUASI ENDOWMENT FUND

The Board of Directors has established an endowment fund for payment of administrative costs of LTW. Net assets allocated to the endowment fund consist solely of amounts designated by the Board. There are no donor restrictions on the use of these funds. Subsequent Boards may use these assets for any purpose they deem appropriate.

6. RELATED PARTY TRANSACTIONS

Certain individuals serve on the boards of Leading The Way with Dr. Michael Youssef, Inc., the Foundation of the Holy Apostles, and the Vestry of the Church of The Apostles of Atlanta, Inc. The Church contributed approximately \$1,764,715 and \$1,842,575 to LTW for the years ended June 30, 2015 and 2014, respectively.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2015 and 2014

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at June 30:

	2015	2014
Help the Persecuted	\$ 593,972	\$ 354,972
Global Media Center	-	47,437
Navigators	166,610	59,312
	<u>\$ 760,582</u>	<u>\$ 461,721</u>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2015	2014
Global Media Center	\$ 47,437	\$ 76,063
Satellite	461,632	483,810
International	168,241	61,824
Help the Persecuted	600,835	350,084
Navigators	17,152	35,402
Aerabic outreach	750	7,275
	<u>\$ 1,296,047</u>	<u>\$ 1,014,458</u>

8. SIGNIFICANT SOURCES OF REVENUE AND SUPPORT

LTW received approximately 10.5% and 11% of its unrestricted revenue and support from The Church of The Apostles of Atlanta for the years ended June 30, 2015 and 2014, respectively.

9. RETIREMENT PLAN

LTW maintains a defined contribution retirement plan for its employees. It makes discretionary contributions to all eligible employees. Employees are fully vested in employer discretionary contributions after 5 years of service. Employees may also make elective salary deferrals to the plan. LTW contributed \$138,240 and \$145,816 to the plan during the years ended June 30, 2015 and 2014, respectively.

LEADING THE WAY WITH DR. MICHAEL YOUSSEF AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
JUNE 30, 2015 and 2014

10. RENT INCOME

LTW rents office space to unrelated parties. The leases allows for free and reduced rent throughout the lease term expiring in January 2019. Lease revenue is recognized on a straight line basis over the term of the lease.

Amounts recognized as rental income for the period ending June 30, 2015 and June 30, 2014 were \$194,989 and \$195,727, respectively. At June 30, 2015 and 2014, the difference in the amount received and the amount recognized is included in accounts receivable for \$14,375 and \$8,157 respectively.

Future amounts to be received on lease agreements are as follows:

2016	\$	138,656
2017		66,343
2018		68,229
2019		<u>11,425</u>
	\$	<u><u>284,653</u></u>

11. RECLASSIFICATIONS

Certain items presented on the previously issued 2014 financial statements may have been reclassified for comparison purposes on these financial statements. These reclassifications did not change the previously reported net assets or changes in net assets for 2014.