THE EPISCOPAL DIOCESE OF MINNESOTA

Minneapolis, Minnesota

FINANCIAL STATEMENTS
Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

THE EPISCOPAL DIOCESE OF MINNESOTA

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INDEPENDENT AUDITORS' REPORT

Diocesan Council
The Episcopal Diocese of Minnesota
Minneapolis, Minnesota

We have audited the accompanying financial statements of The Episcopal Diocese of Minnesota (the "Church"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year 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.

Auditors' 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 from 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 auditors' judgment, including the assessment of the risks 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 The Episcopal Diocese of Minnesota as of December 31, 2014, 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.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
May 29, 2015

THE EPISCOPAL DIOCESE OF MINNESOTA

STATEMENT OF FINANCIAL POSITION
As of December 31, 2014

ASSETS	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS			
Cash and cash equivalents	$ -	$ 153,325	$ 153,325
Receivables, net	1,164,758	-	1,164,758
Due from Trustees	29,121	-	29,121
Interfund receivable (payable)	(104,219)	104,219	-
Other current assets	12,159	-	12,159
Total Current Assets	1,101,819	257,544	1,359,363
PROPERTY AND EQUIPMENT, net	732,832	-	732,832
OTHER ASSETS			
Investments held by Trustees	5,141,686	-	5,141,686
TOTAL ASSETS	$ 6,976,337	$ 257,544	$ 7,233,881
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	$ 37,396	$ -	$ 37,396
Accrued expenses	120,575	-	120,575
Note payable, current portion	7,114	-	7,114
Capital lease, current portion	5,200	-	5,200
Total Current Liabilities	170,285	-	170,285
LONG TERM LIABILITIES			
Note payable	13,965	-	13,965
Capital lease	19,915	-	19,915
Total Long-Term Liabilities	33,880	-	33,880
TOTAL LIABILITIES	204,165	-	204,165
NET ASSETS	6,772,172	257,544	7,029,716
TOTAL LIABILITIES AND NET ASSETS	$ 6,976,337	$ 257,544	$ 7,233,881

See accompanying notes to financial statements.

THE EPISCOPAL DIOCESE OF MINNESOTA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

	Unrestricted			Temporarily Restricted	Total
	Operating	Other	Total		
REVENUES:					
Mission and Ministry Support (MMS)	$ 2,023,385	$ -	$ 2,023,385	$ -	$ 2,023,385
MMS adjustments	(9,650)	-	(9,650)	-	(9,650)
Subtotal net MMS	2,013,735	-	2,013,735	-	2,013,735
Endowment distributions	96,188	57,295	153,483	167,937	321,420
Other income	64,496	1,360	65,856	-	65,856
Gain on loan forgiveness	90,659	-	90,659	-	90,659
Contribution income	14,269	38,119	52,388	89,635	142,023
Investment income	-	340,022	340,022	-	340,022
Tribal government support	21,958	-	21,958	-	21,958
Management fees	106,778	-	106,778	-	106,778
Interfund transfers	21,993	(21,993)	-	-	-
	2,430,076	414,803	2,844,879	257,572	3,102,451
Net assets released from restrictions	-	117,671	117,671	(117,671)	-
Total Revenue	2,430,076	532,474	2,962,550	139,901	3,102,451
EXPENDITURES:					
Program services					
Congregational development	372,833	-	372,833	-	372,833
Communications	124,438	-	124,438	-	124,438
Indian Work and Multicultural Ministry	498,821	-	498,821	-	498,821
Mission Work Within Minnesota	304,047	-	304,047	-	304,047
The Episcopate	370,129	-	370,129	-	370,129
Misson Work Beyond Minnesota	419,117	-	419,117	-	419,117
Grants	-	1,433,641	1,433,641	-	1,433,641
Other	-	255,956	255,956	-	255,956
	2,089,385	1,689,597	3,778,982	-	3,778,982
Supporting services					
Administrative support	518,583	-	518,583	-	518,583
Total Expenditures	2,607,968	1,689,597	4,297,565	-	4,297,565
Increase (decrease) in net assets before transfers	(177,892)	(1,157,123)	(1,335,015)	139,901	(1,195,114)
Building investment returns from Trustees	32,800	-	32,800	-	32,800
Reclassification for investments held by Trustees	(1,731,631)	-	(1,731,631)	-	(1,731,631)
Change in Net Assets	(1,876,723)	(1,157,123)	(3,033,846)	139,901	(2,893,945)
NET ASSETS - Beginning of Year	8,917,437	888,581	9,806,018	117,643	9,923,661
NET ASSETS (DEFICIT) - END OF YEAR	$ 7,040,714	$ (268,542)	$ 6,772,172	$ 257,544	$ 7,029,716

See accompanying notes to financial statements.

THE EPISCOPAL DIOCESE OF MINNESOTA

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (2,893,945)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	46,415
Gain on loan forgiveness	(90,659)
Gain on investments	(161,801)
Reclassification for investments held by Trustees	1,731,631
Changes in assets and liabilities	
Receivables	4,537,012
Other current assets	29,687
Due to/from Trustees	(5,217)
Accounts payable and accrued expenses	34,469
Net Cash Flows From Operating Activities	3,227,592
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments held by Trustees	(3,520,807)
Proceeds from sales of investments held by Trustees	403,343
Purchase of property and equipment	(8,188)
Proceeds from the sale of property and equipment	1,000
Net Cash Flows From Investing Activities	(3,124,652)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on capital lease	(4,752)
Net Cash Flows From Financing Activities	(4,752)
Net Change in Cash and Cash Equivalents	98,188
CASH AND CASH EQUIVALENTS - Beginning of year	55,137
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 153,325
Non-cash investing and financing activities:	
Property and equipment acquired through a capital lease	$ 27,238

See accompanying notes to financial statements.

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

The Episcopal Diocese of Minnesota (the “Church”) is a nonprofit organization supported by donations from member churches and missions and exists to bring people to know and respond to God, as revealed in Jesus Christ, to deepen their motivation and commitment to Christ, and to equip them to fulfill their Christian mission in and to the world through worship and service in cooperation with other religious bodies.

The Church collects apportionments from member churches for its programs and services which include granting amounts to The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America (DFMS) for national and worldwide purposes.

The Episcopal Diocese of Minnesota and Trustees of the Diocese of Minnesota are related entities, with separate governing boards. The Trustees hold investments for the Church, rents property to the Church and makes periodic distributions to the Church.

Principles of Presentation

The financial statements of the Church have been prepared on the accrual basis.

Economic Dependency

The Church is primarily dependent upon assessments from member churches and missions in Minnesota and distributions from the Trustees of the Episcopal Diocese of Minnesota to meet the expenses of operation.

Concentrations of Credit Risk Due to Accounts Receivable and Loans Receivable

Financial instruments that potentially subject the Church to concentrations of credit risk consist principally of accounts receivable and loans receivable. Management believes concentration risks with respect to such receivables are limited in nature. Contributions receivable at December 31, 2014 are principally from one donor.

Tax-Exempt Status

The Episcopal Diocese of Minnesota has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, unrelated business income may be subject to taxation. The Church, an organization affiliated with the Episcopal Church is not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Programs

The Church has the following programs:

Congregational Development (Ministry) - Provides mission and ministry opportunities for clergy and congregations throughout the Episcopal Church in Minnesota. Missioners for Ministry and Formation work on behalf of the Bishop to help oversee the numerous issues that congregations face.

Communications (Mission) - Handles all publicity, news releases, and announcements in the forms of a website and weekly e-mails.

Indian Work and Multicultural Ministry (Mission) - Provides support for the twelve Native American and multicultural congregations, along with programs and staffing for all Native American and multicultural peoples in the Episcopal Church in Minnesota.

Mission Work Within Minnesota (Mission) - Provides for items that are required by canon law, such as Diocesan Convention, Standing Committee, Deployment, historiographer, safe church training, and so forth.

The Episcopate - Relates to all funding that equips the Bishop (the Episcopate) to perform his duties.

Mission Work Beyond Minnesota (Mission) - The Church is part of Providence VI, which is part of the Episcopal Church in the United Stated of America. Funding is provided to the Providence VI and national church as part of belonging to the larger communities. Funding is also provided to the Minnesota Council of Churches as one part of being involved in ecumenical relationships.

Cash and Cash Equivalents

The Church considers all highly liquid, short-term investments with a maturity of three months or less when purchased to be cash equivalents. Cash on deposit in excess of federally insured limits are subject to the usual banking risks of funds in excess of those limits.

Receivables

Receivables include unpaid support assessments due from member churches in the state of Minnesota. Mission and Ministry Support revenue is recorded net of adjustments to member churches. Such adjustments for the year ended December 31, 2014 were $9,650. Receivables are unsecured. An allowance for uncollectible apportionments is determined based on experience. The Church received notification of a matured beneficial interest in a trust estate during 2013. This contribution receivable was fully collected in 2014 and 2015 so no allowance for uncollectible contributions was considered necessary.

Receivables are summarized as follows:

	2014
Mission and Ministry Support	$ 18,392
Contributions	1,158,719
Other	6,039
	1,183,150
Allowance for uncollectible receivables	(18,392)
Total receivables, net	$ 1,164,758

NOTE 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of gift if donated. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation of buildings, furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. The useful lives are follows:

	Years
Building and improvements	40
Furniture and equipment	5 - 10
Vehicles	5

Net Assets

For the purpose of financial reporting, the Church classifies resources into three net asset categories pursuant to any donor-imposed restrictions. Accordingly, the net assets of the Church are classified in the accompanying financial statements in the categories that follow:

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by action of the Church and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Church. Presently, there are no permanently restricted net assets.

Revenues from sources other than contributions are generally reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets.

Contributions, including unconditional promises to give, are recognized in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

The Church reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as restricted support and as net assets released from restriction.

Mission and Ministry Support Revenue

Mission and Ministry Support apportionments billed to member churches are set in accordance with the policies and procedures of the Diocesan Council and are based on yearly budgeted amounts. All such apportionments remain liabilities of the member church until paid or "released" through formal appeal procedures.

NOTE 1 - Summary of Significant Accounting Policies (continued)

Donated Services

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There were no such services received and recorded for the year ended December 31, 2014.

A substantial number of volunteers have donated significant amounts of their time to the Church 's programs. These amounts have not been reflected in the financial statements for donated services inasmuch as no objective basis is available to measure their value.

Distributions from Endowments Held by Trustees

Endowments received by the Church are required to be transferred to the Trustees of the Episcopal Diocese of Minnesota. The Trustees invest and manage such endowments. Throughout the year, the Church receives distributions of income from the endowment funds.

Transfers (To) From Trustees

Transfers to the Trustees are monies or property received that are required to be transferred to the Trustees. Transfers from the Trustees are monies transferred at the discretion of the Trustees. Such transfers are from assets held by the Trustees for the benefit of the Church. These transfers will not be repaid by the Church.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events Review

The Organization has evaluated subsequent events occurring through May 29, 2015, the date that the financial statements were available to be issued, for events requiring recording or disclosure in the Church's financial statements.

NOTE 2 - Investments Held by Trustees

Following is a summary of investments held by Trustees as of December 31:

		Total Investments Held by Trustees at Fair Value
		2014
Funds held by the Trustees of the Diocese of Minnesota	$	5,141,686

The funds held by the Trustees are commingled with the other assets of the Trustees. The Trustees have discretion to invest the funds.

Income from investment securities is summarized as follows:

		2014
Interest and dividends	$	178,221
Net realized and unrealized gains		161,801
Total income	$	340,022

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

NOTE 3 - Fair Value of Financial Instruments

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

NOTE 3 - Fair Value of Financial Instruments (continued)

Valuation Techniques and Inputs

Level 2 - Investments held by Trustees assets include investments in a pooled fund that is comprised of short-term investments, equity securities, debt securities, mutual and money funds, certificates of deposit and mortgaged backed securities. They are classified as Level 2 as they are not traded on a regular basis.

The following methods and assumptions were used to measure the fair value for each class of financial instrument. There has been no change in the methodologies and assumptions used at December 31, 2014.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The schedules within this note are not intended to indicate the volatility of the investments.

While the Church believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the Church's assets measured at fair value on a recurring basis as of December 31, 2014 based upon the three-tier hierarchy:

	Total	Level 1	Level 2	Level 3
ASSETS				
Investments held by Trustees	$ 5,141,686	$ -	$ 5,141,686	$ -

NOTE 4 - Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	2014
Land, Church of Nativity, Burnsville	0 yrs.	$ 120,000
Building, Church of Nativity, Burnsville	40 yrs.	838,180
Building, Ely House	40 yrs.	129,500
Furniture and equipment	5 -10 yrs.	128,317
Vehicle	5 yrs.	35,632
Total Property and Equipment		1,251,629
Less: Accumulated depreciation		518,797
Net Property and Equipment		$ 732,832

NOTE 5 - Related Party Transactions

The following describes the significant related party transactions:

Administration Fee Expense

In accordance with an agreement between the Trustees and the Church, the Church provides the Trustees with administrative services in exchange for an administrative fee. The services provided include accounting, loan monitoring, real estate management, and other management services. The Trustees had an operating lease agreement with the Church. The lease agreement required the Church to pay the Trustees for office space in the commercial office building owned by the Trustees. Rental income is netted against this administrative fee. For the year ended December 31, 2014, the Trustees paid the Church $106,778 for those services.

Distributions Income

The Church receives distributions from endowments and other fund earnings held by the Trustees. These funds are then paid out in grants. During the year ended December 31, 2014, endowment distributions received from the Trustees totaled $321,420. Distributions received from a perpetual trust, included in contribution revenue, totaled $51,742.

Loan Guarantee

The Church has guaranteed a loan to Saint Andrews by the Lake Episcopal Church, Duluth by securing a mission property owned by the Trustees.

The following transfers were received (given) from (to) the Trustees during the year ended December 31:

	2014
Building investment returns transferred	$ 32,800
Loan forgiveness	(142,444)

The following summarizes the amounts due from (to) the Trustees as of December 31:

	2014
Due from Trustees	$ 29,121
Investments held by Trustees	5,141,686

During the year ended December 31, 2014, there was a reclassification of investments held by Trustees totaling $1,731,631 resulting from a reinterpretation of the beneficiary agreement where the Church was no longer deemed to be the beneficiary of the investments.

Summarized financial data of the Trustees as of December 31, 2014 and for the year then ended is as follows:

Total assets	$ 61,261,439
Total liabilities	21,553,075
Net assets	39,708,364
Total revenues	1,000,319
Total expenditures	1,677,495
Transfers	3,459,508

NOTE 6 - Note Payable

Note payable consists of the following at December 31:

		2014
4.24% vehicle loan, $658 monthly installments of principal and interest, secured by vehicle with a cost of $35,632, due December 2017	$	21,079
Less: Current portion		(7,114)
Long-Term Portion	$	13,965

Principal requirements on long-term notes are as follows for year ending after December 31:

2015	$	7,114
2016		7,422
2017		6,543
Total	$	21,079

Interest charged to expense was $1,181 for the year ended December 31, 2014.

NOTE 7 - Capital Lease

The Church entered into a capital lease agreement for a copier on August 1, 2014. The capitalized cost of the leased property at December 31, 2014 was $27,238. Amortization expense on the capital lease is included with depreciation expense. Accumulated amortization was $2,270 as of December 31, 2014. The capital lease obligation is secured by the leased equipment.

Future minimum lease payments under the capital lease with the present value of the net minimum lease payments as of December 31, 2014 are as follows:

2015	$	5,857
2016		5,857
2017		5,857
2018		5,857
2019		3,417
Total Future Minimum Lease Payments		26,845
Less: Amount representing interest		(1,730)
Present Value of Future Minimum Lease Payments		25,115
Less: Current portion		(5,200)
Long-Term Capital Lease Obligation	$	19,915

NOTE 8 - Retirement Plans

Defined Contribution Retirement Plan

The Church contributes to a defined contribution retirement savings plan for all eligible lay employees. The plan is administered by the Church Pension Fund, an affiliate of the Episcopal Church. The Church contributes 9% of eligible employee compensation to the plan. Retirement plan expense was $41,925 for the year ended December 31, 2014.

Defined Benefit Retirement Plan - Multiemployer Pension Plans

The following information, except the Church's annual contributions, was provided in The Church Pension Group 2014 Annual Report. The Church Pension Fund (the "Fund") is the plan sponsor and administrator of three plans, the Clergy Pension Plan (the "Clergy Plan"); The Episcopal Church Lay Employees' Retirement Plan (the "Lay Plan"); and The Staff Retirement Plan of The Church Pension Fund and Affiliates (the "Staff Plan"). The respective assets of these defined benefit plans are pooled, solely for investment purposes, for the benefit of all participants. As church plans, the Qualified Plans are exempt from Titles I and IV of the Employee Retirement income Security Act of 1974 and, therefore, are not subject to Pension Benefit Guaranty Corporation requirements.

The Church participates in the Clergy Plan, which is a multi-employer defined benefit plan providing retirement, death and disability benefits to eligible clergy of the Episcopal Church. Contributions to the plan are computed at 18% of the sum of the employee's annual gross salary, self-employment allowance and housing or utility/rectory allowance. Pension contributions totaled $94,227 for the year ended December 31, 2014.

Multi-Employer Pension Plans

The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects.

a. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. As a result, over or underfunding assets or liabilities are not recognized in the statement of financial position.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Church chooses to stop participating in some of its multi-employer plans, the Church may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

NOTE 8 - Retirement Plans (continued)

The annual contributions for all plans and the funding position of the Clergy Plan, the Lay Plan and the Staff Plan as of March 31, 2014 are summarized as follows:

	Most Recent Available Funded Status at Church Pension Fund	Total Contributions for all Plans March 31, 2014
All Plans		$ 98,910,073
Clergy Plan	148%	
Lay Plan	90%	
Staff Plan	83%	

403(b) Retirement Plan

The Church participates in a 403(b) retirement plan for all employees.

NOTE 9 - Concentrations

The Church maintains a cash balance in one institution which occasionally exceeds the federally insured limit of $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

NOTE 10 - Contingencies

From time to time, the Church is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and their attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Church's financial position or results of operations.