HARVEST BIBLE CHAPEL

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2015 and 2014

CAPINCROUSE LLP

HARVEST BIBLE CHAPEL

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CAPINCROUSE LLP

INDEPENDENT AUDITORS' REPORT

Board of Elders
Harvest Bible Chapel
Rolling Meadows, Illinois

We have audited the accompanying consolidated financial statements of Harvest Bible Chapel, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Harvest Bible Chapel as of December 31, 2015 and 2014, and the changes in its consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Wheaton, Illinois
March 24, 2016

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HARVEST BIBLE CHAPEL

Consolidated Statements of Financial Position

	December 31,	
	2015	2014
ASSETS:		
Cash and cash equivalents	$ 7,849,440	$ 7,315,335
Accounts receivable and other assets	2,350,524	1,978,839
Inventory, net	157,762	144,959
Broadcast time receivable	9,787,500	11,237,500
Land, buildings and equipment – net	133,176,957	129,742,195
Total Assets	$ 153,322,183	$ 150,418,828
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	$ 3,544,201	$ 3,106,601
Long-term debt	48,348,927	49,649,037
	51,893,128	52,755,638
Net assets:		
Unrestricted:		
Noncontrolling interests in subsidiary	3,700,000	-
Equity in land, buildings and equipment	84,375,749	80,093,158
Board designated	572,355	273,971
Available at Board discretion	10,816,878	15,628,055
	99,464,982	95,995,184
Temporarily restricted:		
Capital campaign	904,470	830,936
Scholarship fund	823,620	730,685
Camp fund	151,093	-
School	-	86,263
Benevolent fund	84,890	20,122
	1,964,073	1,668,006
	101,429,055	97,663,190
Total Liabilities and Net Assets	$ 153,322,183	$ 150,418,828

See notes to consolidated financial statements

HARVEST BIBLE CHAPEL

Consolidated Statements of Activities

	Year Ended December 31,					
	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Contributions	$ 29,936,324	$ 4,168,715	$ 34,105,039	$ 25,834,473	$ 5,691,986	$ 31,526,459
Ministry revenue	1,918,851	-	1,918,851	1,264,192	-	1,264,192
Tuition and fees	4,012,719	-	4,012,719	3,985,945	-	3,985,945
Sales	1,577,886	-	1,577,886	1,612,268	-	1,612,268
Interest and other income	147,676	-	147,676	178,169	-	178,169
	37,593,456	4,168,715	41,762,171	32,875,047	5,691,986	38,567,033
RECLASSIFICATIONS:						
Net assets released from restrictions upon:						
Satisfaction of purpose restrictions	3,872,648	(3,872,648)	-	5,203,968	(5,203,968)	-
EXPENSES:						
Compensation	14,058,255	-	14,058,255	12,289,220	-	12,289,220
Ministry	17,148,852	-	17,148,852	14,783,053	-	14,783,053
Facilities	2,473,905	-	2,473,905	2,112,507	-	2,112,507
Depreciation	3,923,393	-	3,923,393	4,187,852	-	4,187,852
Administration	1,570,286	-	1,570,286	1,919,017	-	1,919,017
Interest expense	2,521,615	-	2,521,615	2,687,394	-	2,687,394
	41,696,306	-	41,696,306	37,979,043	-	37,979,043
Change in net assets before current year capital contributions to subsidiary	(230,202)	296,067	65,865	99,972	488,018	587,990
Current year capital contributions to subsidiary (Note 1)	3,700,000	-	3,700,000	-	-	-
Change in Net Assets	3,469,798	296,067	3,765,865	99,972	488,018	587,990
Net Assets, Beginning of Year	95,995,184	1,668,006	97,663,190	95,895,212	1,179,988	97,075,200
Net Assets, End of Year	$ 99,464,982	$ 1,964,073	$ 101,429,055	$ 95,995,184	$ 1,668,006	$ 97,663,190

See notes to consolidated financial statements

HARVEST BIBLE CHAPEL

Consolidated Statements of Cash Flows

	Year Ended December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,765,865	$ 587,990
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,923,393	4,187,852
Contributions received for investment in land, buildings and equipment	(1,248,167)	-
Broadcast rights recognized and used	1,450,000	362,500
Donated land, buildings and equipment	(223,000)	-
Changes in:		
Accounts receivable and other assets	(371,685)	(683,099)
Inventory	(12,803)	290
Accounts payable and accrued expenses	437,600	(54,852)
Net Cash Provided by Operating Activities	7,721,203	4,400,681
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of land, buildings and equipment	-	4,000,000
Purchases of land, buildings and equipment	(7,135,155)	(1,319,497)
Net Cash Provided (Used) by Investing Activities	(7,135,155)	2,680,503
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for investment in land, buildings and equipment	1,248,167	-
Principal payments on long-term debt	(1,300,110)	(6,809,807)
Net Cash Used by Financing Activities	(51,943)	(6,809,807)
Net Change in Cash and Cash Equivalents	534,105	271,377
Cash and Cash Equivalents, Beginning of Year	7,315,335	7,043,958
Cash and Cash Equivalents, End of Year	$ 7,849,440	$ 7,315,335
Supplemental information:		
Cash paid for interest	$ 2,387,034	$ 2,571,303
Payoff of old debt with issuance of new debt	$ -	$ 3,600,000
Broadcast time receivable from sale of land, buildings and equipment	$ -	$ 11,600,000

See notes to consolidated financial statements

1. NATURE OF ORGANIZATION:

Harvest Bible Chapel (HBC) is a religious organization incorporated in the State of Illinois within the meaning of Section 501(c)(3) of the Internal Revenue Code (the Code). It is exempt from federal and state income taxes and contributions by the public are deductible for income tax purposes. HBC is not a private foundation under section 509(a)(1) of the Code.

HBC seeks to glorify God through the fulfillment of the great commission (Matthew 28:19) in the spirit of the great commandment (Matthew 22:37-38). The commission is fulfilled as disciples of Jesus Christ are made (II Timothy 2:2). HBC has a multi-ministry outreach consisting of missions, worship, evangelism, prayer, community, youth, fellowship, caring, Christian education, camp, television, web, radio and a resource center. In addition, HBC has eight regional campuses that conduct worship services and act as an extension of the main campus.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of HBC and the following other entities:

Harvest Bible Chapel North Shore, LLC (LLC) was formed in June 2015 to acquire, own, and lease property located at 1731 Deerfield Road, Highland Park, Illinois, to HBC. The lease agreement was entered into on August 1, 2015, and is effective through July 31, 2019, with monthly payments of $23,500. HBC is the sole Class A member and manager of the LLC, and made a capital contribution of $550,000 during 2015. There are six Class B members who made combined capital contributions of $4,450,000 during 2015, of which $750,000 was also from HBC. The LLC is not a taxpaying entity for federal income tax purposes, and thus no income tax expense has been recorded in the consolidated statements. Income of the LLC is passed through to its members.

Harvest Bible Chapel Chicago West (Chicago West) is a nonprofit church plant governed and supported by HBC. It is incorporated in the State of Illinois within the meaning of Section 501(c)(3) of the Code. HBC's intention is to support Chicago West until it becomes self-sustaining.

Intercompany transactions and balances have been eliminated for consolidated financial statement purposes.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared using the accrual basis of accounting. The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, checking, money market accounts and certificates of deposit. From time to time, the balance in these accounts may exceed federal deposit insurance limits; however, HBC has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS RECEIVABLE AND OTHER ASSETS
Accounts receivable primarily consists of amounts due from HBC affiliates, school receivables, contributions receivable, prepaid expenses and assets held in a Rabbi Trust. No allowance for doubtful accounts has been established, as balances due are from HBC affiliates and unconditional promises to give, and management believes the amounts to be fully collectible.

INVENTORY
Inventory is valued at the lower of cost or market on a first-in, first-out (FIFO) basis and consists of resource center merchandise including Bibles, books, CD's, DVD's and adult ministry small group materials. Included in inventory is a reserve for obsolescence of $64,700 for both the years ended December 31, 2015 and 2014.

BROADCAST TIME RECEIVABLE
Receivable consists of broadcast time due from the TBN Family of Networks related to HBC's sale of real and personal property located in Aurora, Illinois. Broadcast time will be received over an eight year period, concluding in June 2022. HBC received $1,450,000 and $362,500 of broadcast time during the years ended December 31, 2015 and 2014, respectively.

LAND, BUILDINGS, EQUIPMENT AND DEPRECIATION
Items over $5,000 are capitalized at cost, or if donated, at the fair market value on the date of the gift. Depreciation expense is recorded on the straight-line method over the estimated useful lives of the assets, ranging from eighteen months to forty years.

CLASSES OF NET ASSETS
Net assets are classified in the consolidated financial statements as follows:

Unrestricted amounts are those currently available at the discretion of the Board for use in HBC's operations, those designated by the Board for specific purposes and those resources invested in land, buildings and equipment, and noncontrolling interest in subsidiary.

Temporarily restricted amounts are those stipulated by donors for specific operating purposes or for acquisition of land, buildings and equipment or those with timing restrictions.

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS, REVENUES AND EXPENSES
Contributions are reported as income when made, which may be when cash is received, unconditional promises are made or when ownership of donated assets is transferred. All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to legal restrictions. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions must specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Individuals routinely provide voluntary services to the ministries of HBC. These services have a significant impact on making the ministry effective. However, the value of these services is not reflected in the consolidated financial statements because they do not meet the necessary accounting criteria.

Other revenues, including fees, sales and interest are recorded when earned. Fees consist of amounts paid for various activities, retreats, conferences and camp fees sponsored by HBC. Expenses are recorded when incurred.

Our auditors have reviewed the policies and procedures related to compensation and issued a separate letter summarizing that review.

UNCERTAIN TAX POSITIONS
The consolidated financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of December 31, 2015 and 2014, HBC had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

HBC files information and tax returns in the U.S. and various states. HBC is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2012.

RECLASSIFICATIONS
Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

3. LAND, BUILDINGS AND EQUIPMENT, NET:

Land, buildings and equipment consist of the following:

	2015	2014
Land and land improvements	$ 31,130,203	$ 28,690,214
Buildings and improvements	125,928,611	122,459,424
Furniture and fixtures	1,697,657	1,223,527
Office equipment	228,926	228,926
Computer equipment	1,716,534	1,181,210
Sound and video equipment	3,725,692	3,548,916
Other equipment	1,923,901	1,785,079
	166,351,524	159,117,296
Software in progress	100,104	-
	166,451,628	159,117,296
Less accumulated depreciation	(33,274,671)	(29,375,101)
	$ 133,176,957	$ 129,742,195

4. LONG-TERM DEBT:

Long-term debt consists of the following:

	2015	2014
Term mortgage payable of $30,119,000, to a bank, monthly principal and interest payments of $171,784 at an initial rate of 4.75%, with a rate adjustment every five years beginning on August 1, 2018, at a rate equal to the 5 year Treasury Constant Maturity as published in the FRB H.15 Statistical Release plus 3.5%, but in no event shall the interest rate be less than 4.75% or greater than 8.25%. Unpaid principal and interest is due in August 2022. This note is secured by the building and property at 1000 North Randall Road, Elgin, Illinois and the building and property at 935 North Dearborn, Chicago, Illinois.	$ 28,511,715	$ 29,200,880
Mortgage payable of $11,572,000, payable to a bank, monthly principal and interest payments of $66,003 at an initial rate of 4.75%, with a rate adjustment every five years beginning on April 1, 2018, at a rate equal to the 5 year Treasury Constant Maturity as published in the FRB H.15 Statistical Release plus 3.5%, but in no event shall the interest rate be less than 4.75% or greater than 8.25%. Unpaid principal and interest is due in March 2023. This note is secured by the building and property at 800 Rohlwing Road, Rolling Meadows, Illinois.	10,863,902	11,132,906

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Notes to Consolidated Financial Statements
December 31, 2015 and 2014

4. LONG-TERM DEBT, continued:

Long-term debt consists of the following, continued:

	2015	2014
Mortgage payable of $3,600,000, payable to a bank, with monthly principal and interest payments of $21,583 at a fixed rate of 5.25%. Unpaid principal and interest is due in July 2019. This note is secured by the buildings and property at 7333-7343 North Caldwell Ave., Niles, Illinois.	3,498,819	3,571,065
Mortgage payable of $4,500,000, payable to a bank, monthly interest only payments were made through April 2008. Thereafter, monthly principal and interest payments of $28,376 began, with total principal due June 1, 2016. Fixed interest rate of 6.50%. This note is secured by the buildings and property at 6829 East 72nd Street, Newaygo, Michigan.	2,889,653	3,086,874
Mortgage payable of $2,805,000, payable to a bank, with monthly principal and interest payments of $14,834 at a fixed rate of 4.0%. Unpaid principal and interest is due in October 2018. This note is secured by the buildings and property at 551 Congress Parkway, Crystal Lake, Illinois.	2,584,838	2,657,312
	$ 48,348,927	$ 49,649,037

Long-term debt matures as follows for the year ending December 31:

2016	$ 4,075,718
2017	1,242,574
2018	3,644,898
2019	4,430,500
2020	1,240,205
Thereafter	33,715,032
	$ 48,348,927

Long-term debt agreements contained certain administrative covenants. HBC was in compliance with all covenants as of the date of this report.

5. RETIREMENT PLANS:

HBC contributes to a 403(b) plan on behalf of all full-time employees (working at least 1,000 hours per year) participating through elective salary reductions. HBC matches employee contributions up to 2% of annual base salary. Employees are fully vested immediately upon participation. Contributions to the 403(b) plan during 2015 and 2014 were $112,783 and $0, respectively. In November 2013, HBC temporarily suspended employer contributions into the plan, but reinstated employer contributions in October 2015.

HBC has a Variable Universal Life Insurance program for its ministry staff that provides a life insurance package and a retirement fund. Participants contribute between 1% and 9% of their base salary. HBC matches between ½% and 11% of the participant’s contribution as defined by the plan documents. For the years ended December 31, 2015 and 2014, HBC made contributions to the plan of $50,215 and $41,875, respectively.

HBC established a Rabbi Trust for the purpose of paying ministry staff upon retirement, death or disability. The trust is invested in mutual funds (equities and cash). As of December 31, 2015, the portfolio's allocation was as follows: 99% in equity mutual funds and 1% in cash and money market funds. The equity mutual funds are Level 1 assets in accordance with fair value disclosure requirements. Rabbi Trust assets are offset by a liability included in accounts payable and accrued expenses in the consolidated statements of financial position.

6. RELATED PARTY TRANSACTIONS:

In February 2002, HBC formed the Elder Council, now known as Harvest Bible Fellowship (HBF). HBF has a multi-ministry outreach consisting of church planting, pastoral training and member church support. HBF is a separate 501(c)(3) entity with its own board of directors. Both HBC and the plant churches are represented on the HBF board of directors by selected elders or pastors. HBC does not exercise sufficient control over HBF to require consolidation under technical accounting standards. During the years ended December 31, 2015 and 2014, HBC contributed $1,250,010 and $1,014,256, respectively, to HBF. In addition, HBF owed HBC $196,414 and $78,075 as of December 31, 2015 and 2014, respectively. HBC also owed HBF $0 and $303,900 for the years ended December 31, 2015 and 2014, respectively.

During the years ended December 31, 2015 and 2014, HBF gave $310,993 and $137,067, respectively, in cash contributions to HBC.

7. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing various program services and supporting activities have been summarized on a functional basis. Accordingly, certain costs, such as depreciation and salaries, have been allocated among the program services and supporting activities. Functional expenses for the years ended December 31, 2015 and 2014, are as follows:

	2015	2014
Program services	$ 32,332,133	$ 29,425,779
Supporting activities:		
General and administrative	8,148,261	7,454,394
Fund-raising	1,215,912	1,098,870
	$ 41,696,306	$ 37,979,043

8. OPERATING LEASES:

HBC has several lease agreements, primarily for various office equipment and use of facilities. These leases have various expiration dates through 2022. Rental expense was $486,080 and $482,760 for the years ended December 31, 2015 and 2014, respectively.

Future minimum lease payments under operating leases, including the Aurora lease detailed in Note 9, that have remaining lease terms in excess of one year as of December 31, 2015, are:

2016	$ 254,535
2017	165,899
2018	124,951
2019	109,208
2020	81,992
Thereafter	90,000
	$ 826,585

9. SALE-LEASEBACK TRANSACTION:

In March, 2014, HBC sold all of its real and personal property located in Aurora, Illinois for $15,600,000. $4,000,000 was received in cash, and the remaining amount is to be received over eight years. Payments will be made in the form of television broadcast time for HBC's program on the TBN Family of Networks. At the time of sale, the net proceeds were used to pay off the related mortgage payable on the property. The ministry signed an expense sharing agreement to use limited areas of the building for church services, television studio and office space from the buyer through June, 2022, with the option of cancelling with 90 days written notice. The transaction does not require any special accounting treatment under U.S. generally accepted accounting principles as the ministry retained the right to use only a minor portion of the property sold. As such, the sale and the lease are treated as two separate transactions based on their respective terms. As of December 31, 2015 and 2014, the rent expense relating to this transaction totaled $60,000 and $30,000, respectively.

Future minimum payments under the terms of the lease agreement are as follows for year ending December 31:

2016	$	60,000
2017		60,000
2018		60,000
2019		60,000
2020		60,000
Thereafter		90,000
	$	390,000

10. MEDICAL INSURANCE:

HBC operates a self-funded health insurance plan for qualified employees. As of December 31, 2015 and 2014, the self-funded plan has an annual stop-loss limit of $70,000 for each insured individual per year. The plan also has a cumulative stop-loss limit for the entire group per year. Once either limit has been reached, the reinsurance coverage will directly pay all claims with no cap or limit. The plan has no lifetime maximum coverage limits per individual or cause. The plan uses an outside third-party administrator to process all claims.

As of December 31, 2015 and 2014, the reserve for unpaid claims, including those incurred but not reported, totaled $200,000 and is included in accounts payable and accrued expenses. This reserve is based on an estimate of outstanding claims at December 31; however, the actual liability is unknown and exposure to losses in excess of the accrued reserve may exist. Management believes that the liability reflected in the consolidated statements of financial position is adequate to cover future losses as of December 31, 2015.

11. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following disclosures of estimated fair value of financial instruments as of December 31, 2015 and 2014, is made in accordance with the requirements of the *Disclosures about Fair Value of Financial Instruments* topic of the FASB Accounting Standards Codification. The estimated fair value amounts have been determined by HBC using available market information and appropriate valuation methodologies.

	December 31, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$ 7,849,440	$ 7,849,440	$ 7,315,335	$ 7,315,335
Accounts receivable and other assets	2,350,524	2,350,524	1,978,839	1,978,839
Accounts payable and accrued expenses	3,544,201	3,544,201	3,106,601	3,106,601

Methods and assumptions used by HBC in estimating fair values are as follows:

Cash and cash equivalents and accounts receivable and other assets: The carrying amounts approximate fair value due to the short-term maturity of these instruments.

Accounts payable and accrued expenses: The carrying amounts approximate fair value due to the short-term maturity of these instruments.

HBC adopted the provisions of the *Fair Value Measurements and Disclosure* topic of the FASB ASC. These standards define fair value, establish a framework for measuring fair value and enhance disclosures about fair value measurements. Fair value is defined under the standards as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market between market participants on the measurement date.

11. FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued:

FASB ASC also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 **-** Quoted market prices in active markets for identical assets or liabilities.

Level 2 **-** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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.

HBC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, HBC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs are not available.

Changes in methods and valuation techniques: none

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.