

**LA AMISTAD FOUNDATION, INC.**

**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2014 and 2013**

## CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
La Amistad Foundation, Inc.  
Fern Park, Florida

I have audited the accompanying financial statements of La Amistad Foundation, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, 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*

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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, I express no such opinion. An audit also includes assessing the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of La Amistad Foundation, Inc. as of December 31, 2014 and 2013, 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.

  
Certified Public Accountant

April 29, 2015

**LA AMISTAD FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 and 2013**

	<b>ASSETS</b>			<b>LIABILITIES</b>	
	<b>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	\$1,219,010	\$1,102,060	Accounts payable	\$ 26,740	\$ 20,370
Accounts receivable	65,170	39,690	Prepaid resident fees	64,360	-
Other current assets	<u>46,350</u>	<u>54,460</u>	Accrued payroll and expenses	90,060	84,930
			Funds held for residents	41,680	55,850
			Resident refundable deposits	<u>99,250</u>	<u>74,250</u>
Total Current Assets	<u>1,330,530</u>	<u>1,196,210</u>	Total Current Liabilities	<u>322,090</u>	<u>235,400</u>
<b>PROPERTY AND EQUIPMENT</b>			<b>LONG-TERM LIABILITIES</b>		
(Notes 2 and 4)	<u>2,970,330</u>	<u>3,089,710</u>	Mortgage payable (Note 4)	<u>184,420</u>	<u>370,000</u>
			Total Long-term Liabilities	<u>184,420</u>	<u>370,000</u>
<b>OTHER ASSETS</b>					
Cash held for building and equipment	161,500	122,220	<b>NET ASSETS</b>		
Pledges receivable for building purposes	107,750	242,250	Unrestricted	4,068,180	3,974,390
Construction work in progress	119,230	-	Temporarily restricted (Note 6)	210,190	174,760
Endowment investment (Note 3)	157,690	156,280	Permanently restricted (Note 6)	<u>104,390</u>	<u>104,390</u>
Other	<u>42,240</u>	<u>52,270</u>	Total Net Assets	<u>4,382,760</u>	<u>4,253,540</u>
Total Other Assets	<u>588,410</u>	<u>573,020</u>			
Total Assets	<u>\$4,889,270</u>	<u>\$4,858,940</u>	Total Liabilities and Net Assets	<u>\$4,889,270</u>	<u>\$4,858,940</u>

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

**LA AMISTAD FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Operating Activities:</b>				
<b>Revenue and Support</b>				
Resident fees, less scholarship allowances of \$209,030	\$2,390,640	\$ -	\$ -	\$2,390,640
Contributions	80,960	35,180	-	116,140
Interest and dividends	7,870	-	-	7,870
Other income	20,410	-	-	20,410
Net assets released from restrictions (Note 6)	<u>34,030</u>	<u>( 34,030)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,533,910</u>	<u>1,150</u>	<u>-</u>	<u>2,535,060</u>
<b>Expenses</b>				
Program services	2,034,440	-	-	2,034,440
Supporting services:				
Management and general	335,190	-	-	335,190
Fund raising	<u>75,620</u>	<u>-</u>	<u>-</u>	<u>75,620</u>
Total expenses	<u>2,445,250</u>	<u>-</u>	<u>-</u>	<u>2,445,250</u>
<b>Change in net assets from operating activities</b>	<u>88,660</u>	<u>1,150</u>	<u>-</u>	<u>89,810</u>
<b>Nonoperating Activities:</b>				
Contributions for building	-	38,000	-	38,000
Endowment fund investment income (Note 3)	1,410	-	-	1,410
Net assets released from restrictions (Note 6)	<u>3,720</u>	<u>( 3,720)</u>	<u>-</u>	<u>-</u>
<b>Change in net assets from nonoperating activities</b>	<u>5,130</u>	<u>34,280</u>	<u>-</u>	<u>39,410</u>
<b>Change in net assets</b>	93,790	35,430	-	129,220
<b>Net assets - beginning of year</b>	<u>3,974,390</u>	<u>174,760</u>	<u>104,390</u>	<u>4,253,540</u>
<b>Net assets - end of year</b>	<u>\$4,068,180</u>	<u>\$ 210,190</u>	<u>\$ 104,390</u>	<u>\$4,382,760</u>

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

**LA AMISTAD FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Operating Activities:</b>				
<b>Revenue and Support</b>				
Resident fees, less scholarship allowances of \$84,730	\$2,248,670	\$ -	\$ -	\$2,248,670
Contributions	150,330	35,650	-	185,980
Interest and dividends	4,090	-	-	4,090
Other income	26,980	-	-	26,980
Net assets released from restrictions (Note 6)	<u>32,280</u>	<u>( 32,280)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,462,350</u>	<u>3,370</u>	<u>-</u>	<u>2,465,720</u>
<b>Expenses</b>				
Program services	1,962,320	-	-	1,962,320
Supporting services:				
Management and general	349,520	-	-	349,520
Fund raising	<u>75,820</u>	<u>-</u>	<u>-</u>	<u>75,820</u>
Total expenses	<u>2,387,660</u>	<u>-</u>	<u>-</u>	<u>2,387,660</u>
<b>Change in net assets from operating activities</b>	<u>74,690</u>	<u>3,370</u>	<u>-</u>	<u>78,060</u>
<b>Nonoperating Activities:</b>				
Contributions for building	-	135,000	-	135,000
Endowment fund investment income (Note 3)	19,310	-	-	19,310
Net assets released from restrictions (Note 6)	<u>2,780</u>	<u>( 2,780)</u>	<u>-</u>	<u>-</u>
<b>Change in net assets from nonoperating activities</b>	<u>22,090</u>	<u>132,220</u>	<u>-</u>	<u>154,310</u>
<b>Change in net assets</b>	96,780	135,590	-	232,370
<b>Net assets - beginning of year</b>	<u>3,877,610</u>	<u>39,170</u>	<u>104,390</u>	<u>4,021,170</u>
<b>Net assets - end of year</b>	<u>\$3,974,390</u>	<u>\$ 174,760</u>	<u>\$ 104,390</u>	<u>\$4,253,540</u>

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

**LA AMISTAD FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014**

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Personnel	\$1,023,180	\$ 132,600	\$ 50,040	\$1,205,820
Employee benefits	161,090	20,880	7,880	189,850
Payroll taxes	93,760	12,150	4,590	110,500
Utilities	145,800	17,970	-	163,770
Food expense	153,150	-	-	153,150
Depreciation and amortization	119,610	30,650	-	150,260
Repairs and maintenance	90,010	6,520	-	96,530
Insurance	70,390	22,930	810	94,130
Rent	75,000	-	-	75,000
Professional fees	14,200	37,460	-	51,660
Recreation programs	39,740	-	-	39,740
Office supplies and expense	15,870	17,080	490	33,440
Interest	7,460	5,120	-	12,580
Marketing	-	12,070	-	12,070
Auto	11,800	-	-	11,800
Travel and meetings	2,750	7,740	-	10,490
Accreditation and licenses	1,860	750	360	2,970
Event costs	-	-	11,450	11,450
Other	<u>8,770</u>	<u>11,270</u>	<u>-</u>	<u>20,040</u>
Total expenses	<u>\$2,034,440</u>	<u>\$ 335,190</u>	<u>\$ 75,620</u>	<u>\$2,445,250</u>

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

**LA AMISTAD FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2013**

	<b>Supporting Services</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Personnel	\$ 973,060	\$ 132,600	\$ 50,040	\$1,155,700
Employee benefits	159,070	21,670	8,180	188,920
Payroll taxes	90,400	12,320	4,650	107,370
Food expense	157,550	-	-	157,550
Depreciation and amortization	119,650	30,660	-	150,310
Utilities	123,130	16,550	-	139,680
Repairs and maintenance	88,400	7,230	-	95,630
Insurance	59,780	18,650	570	79,000
Rent	75,000	-	-	75,000
Professional fees	13,530	27,810	-	41,340
Recreation programs	37,510	-	-	37,510
Office supplies and expense	16,780	16,780	-	33,560
Marketing	-	20,080	-	20,080
Interest	11,530	7,920	-	19,450
Auto	15,510	-	-	15,510
Accreditation and licenses	13,300	750	-	14,050
Event costs	-	-	12,120	12,120
Other	8,120	36,500	260	44,880
Total expenses	<b>\$1,962,320</b>	<b>\$ 349,520</b>	<b>\$ 75,820</b>	<b>\$2,387,660</b>

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



**LA AMISTAD FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash flows from Operating Activities:</b>		
Increase in net assets	\$ 129,220	\$ 232,370
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for building and equipment	( 38,000)	( 135,000)
Unrealized gain on investments	( 2,530)	( 21,710)
Depreciation and amortization	150,260	150,310
Allowance for uncollectible pledges	4,500	27,380
Utility deposit applied to costs	7,940	-
(Increase) decrease in accounts receivable	( 25,480)	( 29,680)
(Increase) decrease in other current assets	8,110	630
Increase (decrease) in accounts payable and accrued expenses	11,500	( 1,650)
Increase in prepaid resident fees	64,360	-
Net cash provided by operating activities	<u>309,880</u>	<u>222,650</u>
<b>Cash flows from Investing Activities:</b>		
Cash contributed for building and equipment	( 38,000)	( 122,220)
Acquisition of equipment	( 29,640)	( 35,080)
Construction work in progress	( 119,230)	-
Other assets	5,690	( 140)
Net cash used in investing activities	<u>( 181,180)</u>	<u>( 157,440)</u>
<b>Cash flows from Financing Activities:</b>		
Loan costs	-	( 2,170)
Collection of pledges prior construction and loan	125,000	-
Contributions for building and equipment	38,000	125,000
Additional resident funds and deposits	10,830	10,070
Repayment of debt	( 185,580)	( 130,000)
Net cash provided by (used in) financing activities	<u>( 11,750)</u>	<u>2,900</u>
Net increase in cash	116,950	68,110
<b>Cash and cash equivalents, beginning of year</b>	<u>1,102,060</u>	<u>1,033,950</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$1,219,010</u>	<u>\$1,102,060</u>
<b>Supplemental Cash Flow Information:</b>		
Cash paid during the year for interest	<u>\$ 12,580</u>	<u>\$ 19,450</u>

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

**LA AMISTAD FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 and 2013**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities**

La Amistad Foundation, Inc. (“the Organization”) is a not for profit corporation that owns and operates a long-term residential treatment facility for chronically mentally ill adults. The facilities are located in Central Florida and are operated as “Lakewood Center”. The Organization provides these services to individuals from throughout the United States. Revenues are realized from residents and their families. Support is provided by contributions, grants and fund raising activities.

La Amistad Foundation, Inc. is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code and similar Florida statutes and is classified as other than a private foundation. Contributions to La Amistad Foundation, Inc. qualify as charitable contribution deductions to the extent allowed by income tax regulations. The Organization’s federal informational and income tax returns for the years ended December 31, 2011, and later remain subject to examination.

**Operating and Nonoperating Activities**

Operating activities relate solely to the continuing programs and supporting services of the Organization. Revenues and support are reported by source and operating expenses are reported by major function. Nonoperating activities include activities related to the acquisition and disposition of property and buildings; contributions restricted and used for building purposes; and, endowment investing activities.

**Cash and Cash Equivalents**

Cash and cash equivalents includes cash in banks and certificates of deposits. Cash contributed for long-term purposes (building purposes) is classified as an other asset.

**Accounts Receivable**

Revenue and related receivables are recognized monthly based on participant residency. Bad debts are provided for using the allowance method based on management’s assessment of uncollected accounts at the end of each year. The allowance for doubtful operating accounts is \$23,000 at December 31, 2014 and 2013.

**Pledges Receivable**

Pledges receivable at December 31, 2014 and 2013, are restricted for building and related purposes. Accordingly, the pledges are classified as noncurrent. An allowance for uncollectible accounts in the amount of \$31,880 and \$27,380 has been established based on the balance outstanding at December 31, 2014 and 2013. Additionally, receivables were discounted to present value based on an interest rate of three percent. Pledges receivable total \$155,250 and \$285,250 at December 31, 2014 and 2013, respectively. The unamortized discount at December 31, 2014 and 2013, is \$15,620.

**LA AMISTAD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 and 2013**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)**

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the organization reports expirations of donor restrictions when costs for the long-lived assets are expended.

**Property and Equipment**

Property and equipment in excess of \$5,000 is recorded at cost when purchased and at estimated fair value when donated. Depreciation is recorded using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	15- 40
Pool	15
Furniture, fixtures and equipment	5 - 10
Vehicles	5

**Functional Expenses**

The costs of providing various program and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Concentration of Credit Risk**

The Organization may maintain cash balances exceeding the federally insured limits in a bank. At December 31, 2014, cash held in a bank in excess of federally insured limits was \$401,400.

**Subsequent Events**

Subsequent events have been evaluated through April 29, 2015, which is the date the financial statements were available to be issued.

**LA AMISTAD FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 and 2013**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment is comprised of the following:

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 310,450	\$ 310,450
Buildings and improvements	4,813,020	4,861,090
Furniture, fixtures and equipment	204,740	202,650
Pool and pool equipment	86,460	86,460
Vehicles	<u>123,860</u>	<u>126,360</u>
	5,538,530	5,587,010
Less accumulated depreciation	<u>2,568,200</u>	<u>2,497,300</u>
	<u>\$2,970,330</u>	<u>\$3,089,710</u>

**NOTE 3 ENDOWMENT INVESTMENT**

Beneficial interest in assets held by others:

The Organization transferred certain endowment funds to Central Florida Foundation, Inc. (formerly Community Foundation of Central Florida, Inc.). The Organization is the beneficiary of the endowment fund and has not granted variance power to Central Florida Foundation, Inc.

The transfer is irrevocable, however, Central Florida Foundation, Inc. (CFC) may make annual distributions of the income earned on the fund to the Organization, subject to the foundation's spending policy.

*Financial Accounting Standards Board, ASC 820-10, Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority and the most reliable evidence of fair value. Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 3 are unobservable inputs and have the lowest priority and are used only when Level 1 or Level 2 inputs are not available.

**LA AMISTAD FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 and 2013**

**NOTE 3 ENDOWMENT INVESTMENT (Continued)**

CFC manages and maintains the endowment investments as a component fund of CFC and reports fair value based on quoted market prices, primarily. As the beneficiary, La Amistad Foundation, Inc. cannot determine the value of its Beneficial Interest. The Beneficial Interest is reported in these financial statements at the value reported by CFC which is a Level 3 unobservable input.

The endowment value as determined by CFC is as follows:

December 31, 2014	Fair Value	\$157,690	Level 3
December 31, 2013	Fair Value	\$156,280	Level 3

La Amistad Foundation, Inc.'s net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Contributions received with donor imposed restrictions are reported at fair market value of the original gift as of the date of the gift, as permanently restricted net assets. Earnings and investment gains and losses on the endowment are classified as unrestricted net assets absent explicit donor stipulations to the contrary. There are no donor stipulations regarding the earnings, gains and losses of the currently held endowments.

The composition of the Organization's endowment by net asset class is as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>
Endowment net assets, December 31, 2012	\$ 32,580	\$ 104,390
Interest and dividends	1,400	-
Realized gains	3,970	-
Net appreciation in investments	15,930	-
Investment fees	( 1,990)	-
Endowment net assets, December 31, 2013	51,890	104,390
Interest and dividends	1,380	-
Realized gains	16,560	-
Net depreciation in investments	( 14,260)	-
Investment fees	( 2,270)	-
Endowment net assets, December 31, 2014	\$ <u>53,300</u>	\$ <u>104,390</u>

**LA AMISTAD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 and 2013**

**NOTE 4 MORTGAGE PAYABLE**

In 2011, the Organization financed an expansion of its facilities. The loan bears interest at prime rate with a minimum rate of 4.75 percent and a maximum rate of 8.25 percent. The loan matures in October 2016 with interest only monthly payments. The loan includes another extension period to October 2023, with options for either a fixed or variable rate (at the Organization's option) based on the then prime rate and also includes repayment options for the extension period. The loan extension is dependent upon there having been no default in the loan terms up to the extension date and no adverse change in the financial condition of the Organization. The loan requires that the Organization maintain a maximum debt to worth ratio of .50 to 1. The balance outstanding on the loan is \$184,420 and \$370,000, at December 31, 2014 and 2013, respectively.

This loan is secured by a mortgage on all property owned by the Organization, construction pledges receivable, rents, and substantially all personal property.

**NOTE 5 RETIREMENT PLAN**

The Organization maintains a 403(b) retirement plan for its employees. Employees who are eligible, work more than 20 hours per week, and have one year of service participate in an annual employer contribution. Employer contributions are discretionary. In 2014 and 2013, the Organization contributed \$69,650 and \$73,100, respectively to the plan.

**NOTE 6 RESTRICTED NET ASSETS**

Net assets released from temporary restrictions during the year are as follows:

	<u>2014</u>	<u>2013</u>
Operating activities:		
Scholarships	\$ 30,000	\$ 30,000
Tuition	4,030	2,280
Nonoperating activities:		
Building costs	<u>3,720</u>	<u>2,780</u>
	<u>\$ 37,750</u>	<u>\$ 35,060</u>

Temporarily restricted net assets at December 31, are as follows:

Scholarships	\$ 30,000	\$ 30,000
Tuition	13,690	12,540
Building and equipment costs	<u>166,500</u>	<u>132,220</u>
	<u>\$210,190</u>	<u>\$174,760</u>

An endowment fund in the amount of \$104,390 is permanently restricted at December 31, 2014 and 2013. See Note 3.

**LA AMISTAD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014 and 2013**

**NOTE 7 LEASE**

The Organization has entered into a five year facility lease agreement. Remaining lease payments are as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2015	\$ 75,000
2016	75,000
2017	<u>62,500</u>
	<u>\$ 212,500</u>

Rent expense under this lease totaled \$75,000 for the years ended December 31, 2014 and 2013.