MUELLER & CO., LLP

Certified Public Accountants ~ Business Advisors

ASSURANCE

INTERNATIONAL TEAMS

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

John Fedus

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Teams
Elgin, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of International Teams which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 auditors' 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.

Certified Public Accountants ■ Business Advisors
Offices in Elgin and Chicago

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Teams as of June 30, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mueller & Co., LLP

Elgin, Illinois
October 16, 2014

INTERNATIONAL TEAMS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

ASSETS

		2014	2013
Cash and cash equivalents	$	1,340,779	1,408,347
Contributions receivable		223,589	22,000
Prepaid expenses and other assets		240,892	72,773
Due from affiliates		60	100
Land, buildings, and equipment, net		5,463,399	5,455,787
		7,268,719	6,959,007

LIABILITIES AND NET ASSETS

		2014	2013
Liabilities:			
Accounts payable and accrued expenses		267,321	254,882
Due to affiliates		115,013	99,322
Mortgage note payable		2,283,755	1,968,750
Note payable		-	34,000
Tenant liabilities		11,880	15,448
		2,677,969	2,372,402
Net assets:			
Unrestricted		3,195,744	3,276,882
Temporarily restricted		1,225,506	1,140,223
Permanently restricted		169,500	169,500
		4,590,750	4,586,605
	$	7,268,719	6,959,007

The accompanying notes are an integral part of the consolidated financial statements.

INTERNATIONAL TEAMS

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014				2013			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Support and revenue:								
Contributions	$ 11,584,997	1,572,885	-	13,157,882	11,223,633	1,226,068	-	12,449,701
Rental and other income	219,842	54,725	-	274,567	218,454	40,065	-	258,519
	11,804,839	1,627,610	-	13,432,449	11,442,087	1,266,133	-	12,708,220
Net assets released from restrictions -								
Satisfaction of purpose restrictions	1,542,327	(1,542,327)	-	-	1,341,802	(1,341,802)	-	-
Total support and revenue	13,347,166	85,283	-	13,432,449	12,783,889	(75,669)	-	12,708,220
Expenses:								
Program activities:								
Ministry activities	9,309,143	-	-	9,309,143	8,533,728	-	-	8,533,728
Awareness and education	1,292,350	-	-	1,292,350	1,021,041	-	-	1,021,041
Training	608,658	-	-	608,658	680,264	-	-	680,264
	11,210,151	-	-	11,210,151	10,235,033	-	-	10,235,033
Supporting activities:								
Management and general	1,540,406	-	-	1,540,406	1,712,467	-	-	1,712,467
Fundraising	677,747	-	-	677,747	554,471	-	-	554,471
	2,218,153	-	-	2,218,153	2,266,938	-	-	2,266,938
Total expenses	13,428,304	-	-	13,428,304	12,501,971	-	-	12,501,971
Change in net assets	(81,138)	85,283	-	4,145	281,918	(75,669)	-	206,249
Net assets, beginning of year	3,276,882	1,140,223	169,500	4,586,605	2,994,964	1,215,892	169,500	4,380,356
Net assets, end of year	$ 3,195,744	1,225,506	169,500	4,590,750	3,276,882	1,140,223	169,500	4,586,605

The accompanying notes are an integral part of the consolidated financial statements.

INTERNATIONAL TEAMS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

	PROGRAM ACTIVITIES				SUPPORT ACTIVITIES			
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING ACTIVITIES	TOTAL
Salaries	$ 4,893,048	614,380	303,590	5,811,018	872,135	288,446	1,160,581	6,971,599
Health and other benefits	873,121	89,216	48,114	1,010,451	120,527	47,307	167,834	1,178,285
Payroll taxes	313,240	33,458	17,456	364,154	54,366	16,067	70,433	434,587
	6,079,409	737,054	369,160	7,185,623	1,047,028	351,820	1,398,848	8,584,471
Travel	766,751	164,196	94,658	1,025,605	54,519	83,118	137,637	1,163,242
Contributions to affiliates	945,253	-	-	945,253	-	-	-	945,253
Depreciation	-	40,633	40,633	81,266	94,809	94,809	189,618	270,884
Ministry expenses	330,366	7,926	2,600	340,892	5,011	4,579	9,590	350,482
Grants	718,183	-	-	718,183	-	-	-	718,183
Interest	-	-	-	-	94,072	-	94,072	94,072
Occupancy	121,888	41,692	55,291	218,871	48,761	6,228	54,989	273,860
Office expenses	109,983	46,480	15,717	172,180	17,084	10,193	27,277	199,457
Professional development	115,163	170,150	13,279	298,592	29,195	76,152	105,347	403,939
Printing and publications	29,562	12,287	1,413	43,262	5,768	3,770	9,538	52,800
Insurance	585	33	2,858	3,476	10,072	1,443	11,515	14,991
Advertising	1,366	64,005	65	65,436	154	32,427	32,581	98,017
Information Technology	28,324	1,901	5,619	35,844	31,788	3,449	35,237	71,081
Professional services	816	46	3,169	4,031	39,548	28	39,576	43,607
Miscellaneous expenses	61,494	5,947	4,196	71,637	62,597	9,731	72,328	143,965
	$ 9,309,143	1,292,350	608,658	11,210,151	1,540,406	677,747	2,218,153	13,428,304

The accompanying notes are an integral part of the consolidated financial statements.

INTERNATIONAL TEAMS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2013

	PROGRAM ACTIVITIES				SUPPORT ACTIVITIES			
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING ACTIVITIES	TOTAL
Salaries	$ 4,682,631	524,914	305,283	5,512,828	925,873	232,229	1,158,102	6,670,930
Health and other benefits	899,229	74,552	45,045	1,018,826	159,232	38,805	198,037	1,216,863
Payroll taxes	294,475	26,331	18,453	339,259	57,335	13,465	70,800	410,059
	5,876,335	625,797	368,781	6,870,913	1,142,440	284,499	1,426,939	8,297,852
Travel	775,460	55,409	27,395	858,264	46,369	30,608	76,977	935,241
Contributions to affiliates	963,002	52,152	20,861	1,036,015	20,861	31,291	52,152	1,088,167
Depreciation	-	78,944	123,680	202,624	57,893	2,631	60,524	263,148
Ministry expenses	213,094	13,024	5,668	231,786	10,674	7,935	18,609	250,395
Grants	182,305	22,147	10,052	214,504	7,216	132,442	139,658	354,162
Interest	-	-	10,528	10,528	106,451	-	106,451	116,979
Occupancy	95,289	45,029	62,544	202,862	54,415	5,055	59,470	262,332
Office expenses	103,286	57,697	6,562	167,545	26,478	7,299	33,777	201,322
Professional development	180,686	11,962	19,455	212,103	49,407	12,082	61,489	273,592
Printing and publications	23,464	39,311	1,456	64,231	7,883	13,489	21,372	85,603
Insurance	5,157	348	3,470	8,975	11,852	2,347	14,199	23,174
Advertising	7,339	9,065	185	16,589	1,859	8,975	10,834	27,423
Information Technology	27,822	1,787	5,958	35,567	23,703	3,568	27,271	62,838
Professional services	-	-	4,896	4,896	37,959	873	38,832	43,728
Miscellaneous expenses	80,489	8,369	8,773	97,631	107,007	11,377	118,384	216,015
	$ 8,533,728	1,021,041	680,264	10,235,033	1,712,467	554,471	2,266,938	12,501,971

The accompanying notes are an integral part of the consolidated financial statements.

INTERNATIONAL TEAMS

CONSOLIDATED STATEMENTS OF CASH FLOWS

JUNE 30, 2014 AND 2013

		2014	2013
Cash and cash equivalents provided by (applied to) operating activities:			
Change in net assets	$	4,145	206,249
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (applied to) operating activities:			
Depreciation		270,884	263,148
Loss on disposal of fixed asset		3,375	-
Changes in:			
Contribution receivable		(201,589)	-
Prepaid expenses and other assets		(168,119)	(36,200)
Due from affiliates		40	(100)
Inventory		-	9,052
Accounts payable and accrued expenses		12,439	14,393
Due to affiliates		15,691	(22,783)
Tenant liabilities		(3,568)	(4,521)
		(66,702)	429,238
Cash and cash equivalents flows applied to investing activities -			
Purchases of land, buildings and equipment		(281,871)	-
Cash and cash equivalents flows applied to financing activities:			
Payments on mortgage notes payable		(1,984,995)	(45,000)
Proceeds on mortgage notes payable		2,300,000	-
Principal payments on notes payable		(34,000)	(445,826)
		281,005	(490,826)
Decrease in cash and cash equivalents		(67,568)	(61,588)
Cash and cash equivalents, beginning of year		1,408,347	1,469,935
Cash and cash equivalents, end of year		1,340,779	1,408,347
Supplemental disclosure of cash and cash equivalents flow information -			
Interest paid	$	94,072	116,979

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

International Teams (Organization) is a not-for-profit corporation that began operations in 1961. The Organization works in communities worldwide, including Europe, Latin America, Africa, the Middle East, Asia, and North America. The Organization brings people together to help the oppressed to see lives and communities transformed by the power of God. Churches, businesses, and schools are among their primary partners in working alongside communities to provide access to food, freedom, and forgiveness. The Organization is passionate about delivering a Gospel that fully integrates mission and compassion. Rooted in Jesus' own ministry model, they continue the work that he started in order to meet the spiritual and physical needs of the whole person. They're passionate about being a dynamic global leader fueling a movement to change the future of communities through integrated community transformation. For more information about International Teams, please visit their website at www.iteams.us.

Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (GAAP) and are presented on the basis of unrestricted, temporarily restricted, and permanently restricted net assets.

Principles of Consolidation

In 2003, the Organization acquired 100% ownership of Fidelity Holding Company, S.A., a Costa Rican corporation. The majority of the assets of the corporation consist of land and buildings in Costa Rica. The Organization is using the property for a Latin American training center.

The accompanying consolidated financial statements include International Teams and Fidelity Holding Company, S.A. Intercompany transactions and accounts have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand or in demand deposit accounts and highly liquid investments purchased with an original maturity of three months or less.

Contributions Receivable

Contributions receivable consist of unconditional promises to give that are expected to be collected in future years. Contributions receivable are recorded at the present value of their estimated future cash flows.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Assets

The Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets represent resources currently available for ministry purposes, designated by the board for long-term investment, invested in land, building and equipment, or advances to field projects.

Temporarily restricted net assets represent resources contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

Permanently restricted net assets represent resources contributed with donor restrictions requiring they be held in perpetuity and are maintained to provide income for recruiting and training new staff and for general use.

Land, Buildings, and Equipment and Intangible Assets

Land, buildings, and equipment in excess of $2,000 are recorded at cost. Donated items are recorded at their estimated fair value on the date of the gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from three to thirty-three years. Land, buildings, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Support and Revenue

Contributions and unconditional grants are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction is expired, 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 as net assets released from restrictions. In addition, donor-restricted contributions for general salary and ministry activities whose restrictions are met in the reporting period are reported as unrestricted support on the Statements of Activities.

The Organization receives indications of intent to support ministries that are commitments to provide monthly, quarterly, or annual gifts of a specific amount. These commitments are open-ended and subject to unilateral change by donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, the commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Revenue, Continued

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 cash or other assets that must be used to acquire long-lived assets are reported as restricted support until the long-lived assets are acquired. Non-cash gifts are recorded at estimated fair value.

Functional Allocation of Expenses

The cost of providing the various programs and supporting activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the program and supporting activities benefited.

Income Taxes

The Organization, an Illinois not-for-profit corporation, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and applicable state law, except for taxes pertaining to unrelated business income, if any. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509 (a) of the Code. During the years ended June 30, 2014 and 2013, the Organization had no taxable unrelated business income.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Example of tax positions include the tax-exempt status of the Organization and the continued tax-exempt status of various positions related to the potential sources of unrelated business taxable income (UBIT). At June 30, 2014 and 2013, there were no unrecognized tax benefits identified or recorded as liabilities. Currently, the 2012, 2013, and 2014 fiscal year end tax years are open and subject to examination by the Internal Revenue Service and Illinois Department of Revenue; however, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Reclassifications

Certain account balances have been reclassified in the 2013 consolidated financial statements to conform to 2014 presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 16, 2014, the date the financial statements were available to be issued.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts in several financial institutions. The accounts in each institution are insured up to the applicable Federal Deport Insurance limit. The Organization periodically has deposits in certain institutions in excess of the federal insured limits. The Organization has not experienced any losses in such accounts. The Organization does not believe it is exposed to any significant risk for cash.

NOTE 3 - LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment consist of the following:

	2014	2013
Land and land improvements	$ 886,235	886,235
Buildings and building improvements	8,020,536	7,738,665
Office furniture and equipment	373,425	373,425
Website	5,578	5,578
Apartment furniture	164,981	164,981
Computer equipment	100,102	100,102
Vehicles	40,900	40,900
Loan costs	-	12,657
	9,591,757	9,322,543
Less accumulated depreciation	(4,128,358)	(3,866,756)
	$ 5,463,399	5,455,787

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was $270,884 and $263,148, respectively.

NOTE 4 - MORTGAGE AND NOTE PAYABLE

The Organization has the following mortgage and notes payable:

Mortgage Note Payable

		2014	2013
Mortgage note payable of $2,100,000, collateralized by property in Elgin, Illinois, assignments of rents and other assets, maturing on 7/31/2015, principal and interest payable monthly at lender's corporate rate plus 1%, with a minimum rate of 5.5% as of 6/30/2013, paid in full during fiscal year 2014.	$	-	1,968,750
Mortgage note payable of $2,300,000, collateralized by property in Elgin, Illinois, assignments of rents and other assets, maturing on 3/15/2019, principal and interest payable monthly at the 1-month LIBOR rate plus 275 basis points adjusted monthly, 2.90% at 6/30/2014.		2,283,755	-
Total mortgage note payable	$	2,283,755	1,968,750

Note Payable

		2014	2013
Note payable of $34,000 at June 30, 2013, interest payable monthly at 1.9%. The loan matured on August 31, 2013 and final payment was made at that time.	$	-	34,000
Line-of-credit of $150,000 maturing on 3/15/2016, collateralized by property in Elgin, Illinois, interest payable monthly with principal due at maturity, with a variable rate of 3-month LIBOR rate plus 275 basis points, adjusted quarterly, 2.9765% at 6/30/2014.		-	-
Total note payable	$	-	34,000

NOTE 4 - MORTGAGE AND NOTES PAYABLE, CONTINUED

Principal payments on mortgage note payable outstanding are due as follows:

2015	$ 65,895
2016	69,612
2017	73,539
2018	77,687
2019	1,997,022

Interest expense for the years ended June 30, 2014 and 2013 was $94,072 and $116,979, respectively.

NOTE 5 - RESTRICTION ON NET ASSETS

Temporarily restricted net assets as of June 30, 2014 and 2013, respectively, are available for the following purposes or periods:

	2014	2013
Program and project activities	$ 1,225,506	1,140,223

NOTE 6 - ENDOWMENT FUNDS

The Organization's endowment consists of assets contributed with donor restrictions requiring they be held in perpetuity and are maintained to provide income for recruiting and training new field staff, and general purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

On June 30, 2009, the governor of the state of Illinois signed into law the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA differs from previous laws in a few key areas. It eliminates the historic dollar value rule with respect to endowment fund spending, it updates the prudence standard for the management and investment of charitable funds, and it amends the provisions governing the release and modification of restrictions on charitable funds.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Effective January 1, 2009, the Organization adopted the provisions of guidance on Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds. In accordance with the provisions of this guidance and the change in the state of Illinois laws as described above, reclassification of certain net assets between restriction categories of unrestricted, temporarily, and permanently restricted may have been required. There was no impact on the net asset categories of the Organization.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Illinois Prudent Uniform Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

The Organization's endowment net assets of $184,804 and $181,510 were composed totally of donor-restricted funds at June 30, 2014 and 2013, respectively, and are classified as permanently restricted and temporarily restricted in the accompanying financial statements. There were no changes in the permanently restricted endowment net assets for the Organization for the years ended June 30, 2014 and 2013.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of Illinois UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies for the years ended June 30, 2014 and 2013.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve principal to produce results that reflect an average money market fund rate while assuming a conservative level of investment risk.

Strategies Employed For Achieving Objectives

To satisfy long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (interest). Endowment funds assets are included with the Organization’s cash and cash equivalents.

Changes in endowment net assets for the year ended June 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2013	$ -	12,010	169,500	181,510
Investment return – Interest and dividends	-	3,382	-	3,282
Appropriation of endowment Assets for expenditure	-	-	-	-
Endowment net assets June 30, 2014	-	15,292	169,500	184,804
Donor restricted endowment funds	$ -	15,292	169,500	184,804

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Changes in endowment net assets for the year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2012	$ -	8,625	169,500	178,125
Investment return – Interest and dividends	-	3,385	-	3,385
Appropriation of endowment Assets for expenditure	-	-	-	-
Endowment net assets June 30, 2013	-	12,010	169,500	181,510
Donor restricted endowment funds	$ -	12,010	169,500	181,510

NOTE 7 - TRANSACTIONS WITH AFFILIATED MINISTRY ORGANIZATIONS

The Organization and affiliated organizations in the Netherlands, Canada, Costa Rica, Australia, the Philippines, and the United Kingdom have entered into a joint ministry agreement in order to formalize a structure through which each organization can participate in agreed-upon joint ministry projects. No single organization maintains control and each organization has agreed to provide funds and other resources as may be agreed upon to the joint ministry from time to time to enable ministry.

During 2014 and 2013, the Organization received $258,908 and $222,051, respectively, from affiliated organizations which is included in contribution income, and transferred $945,253 and $1,088,167, respectively, to affiliated organizations which is primarily reflected as program expense for joint ministry activities. At June 30, 2014 and 2013, the Organization owed $115,013 and $99,322, respectively, to the affiliated organizations. At June 30, 2014 and 2013, the affiliated organizations owed $60 and $100, respectively, to the Organization.