ONE COLLECTIVE

FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

ONE COLLECTIVE

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D&A
Desmond &Ahern, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
One Collective
Elgin, IL

We have audited the accompanying financial statements of One Collective (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities, functional expenses, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of One Collective as of June 30, 2018, 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.

Prior Period Financial Statements

The financial statements of One Collective as of June 30, 2017, were audited by other auditors whose report dated October 27, 2017, expressed an unmodified opinion on those statements.

Desmond & Ahern, Ltd

October 26, 2018
Chicago, IL

ONE COLLECTIVE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

		2018	2017
Cash and cash equivalents	$	1,929,609	1,100,773
Prepaid expenses and other assets		272,536	147,958
Due from affiliates		2,480	7,499
Note receivable		71,545	89,800
Leased office equipment, net		69,600	-
Land, buildings and equipment, net		317,945	4,039,845
Total assets		2,663,715	5,385,875

LIABILITIES AND NET ASSETS

		2018	2017
Liabilities:			
Accounts payable and accrued expenses		226,077	172,046
Due to affiliates		73,425	74,376
Lease liability		70,077	-
Mortgage note payable		-	2,074,710
Tenant liabilities		850	18,163
Total liabilities		370,430	2,339,295
Net assets:			
Unrestricted		891,803	1,674,816
Temporarily restricted		1,231,982	1,202,264
Permanently restricted		169,500	169,500
Total net assets		2,293,285	3,046,580
Total liabilities and net assets	$	2,663,715	5,385,875

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

ONE COLLECTIVE

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2018 AND 2017

	2018				2017			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Support and revenue:								
Contributions	$ 9,118,604	1,378,095	-	10,496,699	9,468,925	1,445,004	-	10,913,929
Rental and other income	142,917	55,651	-	198,568	240,199	28,613	-	268,812
Loss on disposal of property	(122,040)	-	-	(122,040)	-	-	-	-
	9,139,481	1,433,746	-	10,573,227	9,709,124	1,473,617	-	11,182,741
Net assets released from restrictions -								
Satisfaction of purpose restrictions	1,404,028	(1,404,028)	-	-	1,367,771	(1,367,771)	-	-
Total support and revenue	10,543,509	29,718	-	10,573,227	11,076,895	105,846	-	11,182,741
Expenses:								
Program activities:								
Ministry activities	7,911,509	-	-	7,911,509	7,812,880	-	-	7,812,880
Awareness and education	982,093	-	-	982,093	1,000,504	-	-	1,000,504
Training	314,411	-	-	314,411	331,882	-	-	331,882
	9,208,013	-	-	9,208,013	9,145,266	-	-	9,145,266
Supporting activities:								
Management and general	1,490,002	-	-	1,490,002	1,508,472	-	-	1,508,472
Fundraising	628,507	-	-	628,507	561,826	-	-	561,826
	2,118,509	-	-	2,118,509	2,070,298	-	-	2,070,298
Total expenses	11,326,522	-	-	11,326,522	11,215,564	-	-	11,215,564
Change in net assets	(783,013)	29,718	-	(753,295)	(138,669)	105,846	-	(32,823)
Net assets, beginning of year	1,674,816	1,202,264	169,500	3,046,580	1,813,485	1,096,418	169,500	3,079,403
Net assets, end of year	$ 891,803	1,231,982	169,500	2,293,285	1,674,816	1,202,264	169,500	3,046,580

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

ONE COLLECTIVE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	PROGRAM ACTIVITIES				SUPPORT ACTIVITIES			
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING ACTIVITIES	TOTAL
Salaries	$ 4,219,347	616,602	184,304	5,020,253	773,019	413,778	1,186,797	6,207,050
Other employee benefits	412,864	67,950	16,951	497,765	98,594	41,074	139,668	637,433
Payroll taxes	294,363	36,346	9,620	340,329	36,579	23,526	60,105	400,434
	4,926,574	720,898	210,875	5,858,347	908,192	478,378	1,386,570	7,244,917
Travel	434,871	73,280	29,102	537,253	28,420	49,729	78,149	615,402
Contributions to other affiliates	1,032,581	-	-	1,032,581	-	-	-	1,032,581
Depreciation and amortization	-	29,983	29,983	59,966	139,922	-	139,922	199,888
Ministry expenses	98,916	6,264	1,105	106,285	4,247	4,121	8,368	114,653
Grants	985,127	-	-	985,127	-	-	-	985,127
Interest	-	-	-	-	61,258	-	61,258	61,258
Occupancy	54,480	9,521	11,115	75,116	89,759	8,612	98,371	173,487
Office expenses	149,492	19,493	3,769	172,754	12,540	19,905	32,445	205,199
Professional development	108,312	13,630	12,979	134,921	35,946	7,677	43,623	178,544
Printing and publications	12,976	12,855	2,457	28,288	13,465	6,214	19,679	47,967
Insurance	1,933	189	3,583	5,705	32,045	101	32,146	37,851
Advertising	-	6,543	1,323	7,866	6,566	7,357	13,923	21,789
Information technology	13,071	6,973	4,866	24,910	35,853	3,273	39,126	64,036
Professional services	282	27	1,757	2,066	37,609	27	37,636	39,702
Bank fees	-	-	-	-	71,216	-	71,216	71,216
Miscellaneous expenses	92,894	82,437	1,497	176,828	12,964	43,113	56,077	232,905
	$ 7,911,509	982,093	314,411	9,208,013	1,490,002	628,507	2,118,509	11,326,522

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

ONE COLLECTIVE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	PROGRAM ACTIVITIES				SUPPORT ACTIVITIES			
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING ACTIVITIES	TOTAL
Salaries	$ 4,355,269	680,122	185,374	5,220,765	761,745	393,702	1,155,447	6,376,212
Other employee benefits	403,476	74,680	17,909	496,065	108,599	41,560	150,159	646,224
Payroll taxes	300,613	37,734	9,144	347,491	42,548	23,723	66,271	413,762
	5,059,358	792,536	212,427	6,064,321	912,892	458,985	1,371,877	7,436,198
Travel	497,849	53,480	19,180	570,509	24,098	39,637	63,735	634,244
Contributions to other affiliates	996,534	-	-	996,534	-	-	-	996,534
Depreciation and amortization	-	39,897	39,897	79,794	186,187	-	186,187	265,981
Ministry expenses	104,335	7,213	4,249	115,797	4,567	4,973	9,540	125,337
Grants	803,419	-	-	803,419	-	-	-	803,419
Interest	-	-	-	-	74,042	-	74,042	74,042
Occupancy	49,799	38,564	22,562	110,925	70,874	4,622	75,496	186,421
Office expenses	126,804	26,596	6,503	159,903	13,822	16,948	30,770	190,673
Professional development	86,605	16,354	11,156	114,115	35,363	9,420	44,783	158,898
Printing and publications	15,188	3,606	1,723	20,517	9,343	3,368	12,711	33,228
Insurance	601	51	3,948	4,600	35,544	33	35,577	40,177
Advertising	170	8,761	1,084	10,015	2,173	10,142	12,315	22,330
Information technology	9,284	3,237	2,363	14,884	19,106	546	19,652	34,536
Professional services	-	-	3,940	3,940	39,112	-	39,112	43,052
Bank fees	-	-	-	-	66,318	-	66,318	66,318
Miscellaneous expenses	62,934	10,209	2,850	75,993	15,031	13,152	28,183	104,176
	$ 7,812,880	1,000,504	331,882	9,145,266	1,508,472	561,826	2,070,298	11,215,564

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

ONE COLLECTIVE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

		2018	2017
Cash provided by (applied to) operating activities:			
Change in net assets	$	(753,295)	(32,823)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:			
Depreciation and amortization		199,888	265,981
Loss on disposal of property		122,040	-
Gifted and distributed marketable securities		(54,172)	-
Changes in:			
Prepaid expenses and other assets		(156,243)	6,480
Due from affiliates		5,019	(7,133)
Accounts payable and accrued expenses		54,031	19,673
Due to affiliates		(951)	(7,437)
Tenant liabilities		(17,313)	395
		(600,996)	245,136
Cash provided by (applied to) investing activities:			
Advance on note receivable		-	(36,061)
Payment on note receivable		18,255	38,261
Proceeds from sales of marketable securities		54,172	-
Proceeds from sale of property		3,507,287	-
Purchases of furniture, equipment and leasehold improvements		(73,250)	(28,368)
		3,506,464	(26,168)
Cash applied to financing activities:			
Payments on mortgage note payable		(2,074,710)	(73,538)
Principal payments on lease liability		(1,923)	-
		(2,076,632)	(73,538)
Increase in cash and cash equivalents		828,836	145,430
Cash and cash equivalents, beginning of year		1,100,773	955,343
Cash and cash equivalents, end of year	$	1,929,609	1,100,773
Supplemental disclosure of cash flow information -			
Interest paid	$	61,258	74,042

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

One Collective (Organization) is a not-for-profit corporation that began operations in 1961. 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. The Organization is passionate about being a dynamic global leader fueling a movement to change the future of communities through integrated community transformation.

Name Change

In March 2018, One Collective changed their name from International Teams.

Basis of Presentation

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

Cash and Cash Equivalents

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Land, Buildings and Equipment

Land, buildings and equipment purchased at a cost in excess of $2,500 with a useful life in excess of one year are reviewed to see if they should be capitalized 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.

The land and building were sold in March 2018. The furniture and equipment related to the space were disposed of prior to moving to a new leased space.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 (IRC) 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 IRC. During the years ended June 30, 2018 and 2017, the Organization had no taxable unrelated business income.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2014, 2015, and 2016 fiscal year end tax years are open and subject to examination by the Internal Revenue Service and the Illinois Department of Revenue; however, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions.

Accounting 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.

Going Concern Evaluation

In accordance with Accounting Standards Update (ASU) No. 2014-15 management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Organization’s ability to continue as a going concern for the one year period from the date the financial statements are available to be issued. Management’s assessment did not identify any conditions or events raising substantial doubt about the Organization’s ability to continue as a going concern for the period from October 26, 2018 to October 26, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Leases

In February 2016, FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the balance sheet and the liabilities for the obligations under the lease also be recognized on the balance sheet. ASU No. 2016-02 requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years. Early adoption is permitted. ASU No. 2016-02 must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and the effect that ASU No. 2016-02 is expected to have on its financial position, results of operations, and cash flows and related disclosures.

New Accounting Standard – Presentation of Financial Statements

In August 2016, FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). ASU No. 2016-14 is intended to simplify how the Organization classifies its net assets, and also improve the information it presents in the financial statements and notes about liquidity, financial performance and cash flows. ASU No. 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods with fiscal years beginning after December 15, 2018. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2016-14 and the effect that ASU No. 2016-14 is expected to have on its financial position, results of operations and cash flows and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 26, 2018, 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 Deposit Insurance Corporation 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:

	2018	2017
Land and land improvements	$ -	471,716
Buildings and building improvements	-	7,294,972
Leasehold Improvements	344,169	341,327
Office furniture and equipment	188,671	319,314
Apartment furniture	-	164,518
Computer equipment	65,568	93,333
	598,408	8,685,180
Less accumulated depreciation	(280,463)	(4,645,335)
	$ 317,945	4,039,845

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was $199,888 and $265,981, respectively.

NOTE 4 - MORTGAGE NOTE PAYABLE

The Organization had the following mortgage note payable:

	2018	2017
Mortgage note payable of $2,300,000, collateralized by property in Elgin, Illinois, assignments of rents and other assets, maturing on March 15, 2019, principal and interest payable monthly at the 1-month LIBOR rate plus 275 basis points adjusted monthly, 3.91% at June 30, 2017.	$ -	2,074,710

The Mortgage note payable was paid off during 2018.

Interest expense for the years ended June 30, 2018 and 2017 was $60,201 and $74,042, respectively.

NOTE 5 - RESTRICTION ON NET ASSETS

Temporarily restricted net assets as of June 30, 2018 and 2017 are available for the following purposes or periods:

		2018	2017
Program and project activities	$	1,231,982	1,202,264

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 of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent 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.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Interpretation of Relevant Law, Continued

The Organization's endowment net assets of $198,866 and $194,462 were composed totally of donor-restricted funds at June 30, 2018 and 2017, 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, 2018 and 2017.

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, 2018 and 2017.

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.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Changes in endowment net assets for the year ended June 30, 2018 were as follows:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Endowment net assets, June 30, 2017	$ -	24,962	169,500	194,462
Investment return – interest and dividends	-	4,404	-	4,404
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets June 30, 2018	-	29,366	169,500	198,866
Donor restricted endowment funds	$ -	29,366	169,500	198,866

Changes in endowment net assets for the year ended June 30, 2017 were as follows:

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Endowment net assets, June 30, 2016	$ -	21,608	169,500	191,108
Investment return – interest and dividends	-	3,354	-	3,354
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets June 30, 2017	-	24,962	169,500	194,462
Donor restricted , endowment funds	$ -	24,962	169,500	194,462

NOTE 7 – OBLIGATIONS UNDER CAPITAL LEASE

The Organization is obligated by a lease agreement on office equipment which meet the criteria of capital leases. A summary of the property held under lease is as follows:

	2018	2017
Office Equipment	$ 72,000	-
Less accumulated depreciation	2,400	-
	$ 69,600	-

Aggregate future minimum lease payments and the present value of net future minimum payments at June 30, 2018 are as follows:

2019	$ 17,882
2020	17,882
2021	17,882
2022	17,882
2023	14,891
Less amount representing interest	16,342
Present value of net future minimum payments	$ 70,077

The current portion of obligations under capital lease was $17,882 and $0 at June 30, 2018 and 2017, respectively.

NOTE 8 – OPERATING LEASE

The Organization is obligated under an operating lease for their office space which expires in 2023. Additionally, the lease requires the Organization to be responsible for the real estate taxes, all utilities, repairs and maintenance of the facility, and adequate insurance on the facility.

Per the lease terms, the Organization did not incur any rent expense related to the lease in fiscal year 2018. The rental payments under the lease are set to start September 1, 2018.

The aggregate future minimum lease commitment on this lease as of June 30, 2018 is as follows:

NOTE 8 – OPERATING LEASE, CONTINUED

2019	$	88,354
2020		110,742
2021		115,540
2022		120,337
2023		125,135
Thereafter		21,589
		581,697

NOTE 9 – RETIREMENT PLAN

The Organization provides a 403(b) retirement plan (Plan) for all employees of the Organization or its affiliates unless the employee is a non-resident alien with no U.S. sourced income. The Plan allows for employee salary deferral contributions subject to certain IRS limitations. Employees are fully vested immediately upon hire in all elective deferral contributions and are entitled to accumulated contributions plus investment earnings upon termination or retirement.

NOTE 10 - TRANSACTIONS WITH AFFILIATED MINISTRY ORGANIZATIONS

The Organization and affiliated organizations in the Netherlands, Canada, Costa Rica, Australia, Austria, Russia, Ukraine, 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 2018 and 2017, the Organization received $127,703 and $123,723, respectively, from affiliated organizations which is included in contribution income, and transferred $1,032,581 and $996,534, respectively, to affiliated organizations which is primarily reflected as program expense for joint ministry activities. At June 30, 2018 and 2017, the Organization owed $73,425 and $74,376, respectively, to the affiliated organizations. At June 30, 2018 and 2017, the affiliated organizations owed $2,480 and $7,499, respectively, to the Organization.

NOTE 11 – RELATED PARTY TRANSACTION

The Organization entered into a contract with a consulting company on October 6, 2017 whereby the company will provide consulting services for upcoming major donor events in 2019 and 2020. The owner of the consulting company is the spouse of an Organization board member. The Organization paid the consulting company a $15,000 down payment at the inception of the contract and will pay a fixed fee of $9,631 per month until April 1, 2019. Payment terms for the 2020 event will be discussed after the 2019 event. Total payments to the consulting company related to this contract totaled $123,200 for the fiscal year ended June 30, 2018.

NOTE 12 - RECLASSIFICATIONS

Certain amounts in the 2017 financial statements have been reclassified to conform with the year 2018 presentation.