ONE COLLECTIVE

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

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, 2019, 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, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the One Collective 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, One Collective adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Desmond & Ahern, Ltd

October 25, 2019
Chicago, IL

ONE COLLECTIVE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2018)

ASSETS

		2019	2018
Cash and cash equivalents	$	1,573,551	1,929,609
Contribution receivable		500,000	-
Prepaid expenses and other assets		181,739	272,536
Due from affiliates		15,998	2,480
Note receivable		67,545	71,545
Land, buildings and equipment, net		339,941	387,545
Total assets		2,678,774	2,663,715

LIABILITIES AND NET ASSETS

		2019	2018
Liabilities:			
Accounts payable and accrued expenses		215,523	226,078
Due to affiliates		87,794	73,425
Lease liability		57,839	70,077
Tenant liabilities		850	850
Total liabilities		362,006	370,430
Net assets:			
Without donor restrictions		698,841	891,803
With donor restrictions:			
Endowment		169,500	169,500
Purpose restrictions		1,448,427	1,231,982
Total with donor restrictions		1,617,927	1,401,482
Total net assets		2,316,768	2,293,285
Total liabilities and net assets	$	2,678,774	2,663,715

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

ONE COLLECTIVE

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2018)

	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION			2019 TOTAL	2018 TOTAL
		PURPOSE RESTRICTION	ENDOWMENT	TOTAL		
Support and revenue:						
Contributions	$ 9,559,570	2,040,316	-	2,040,316	11,599,886	10,496,699
Rental and other income	33,333	50,178	-	50,178	83,511	198,568
Loss on disposal of property	-	-	-	-	-	(122,040)
	9,592,903	2,090,494	-	2,090,494	11,683,397	10,573,227
Net assets released from restrictions -						
Satisfaction of purpose restrictions	1,874,049	(1,874,049)	-	(1,874,049)	-	-
Total support and revenue	11,466,952	216,445	-	216,445	11,683,397	10,573,227
Expenses:						
Program activities:						
Ministry activities	7,916,208	-	-	-	7,916,208	7,911,509
Awareness and education	1,288,308	-	-	-	1,288,308	982,093
Training	339,701	-	-	-	339,701	314,411
	9,544,217	-	-	-	9,544,217	9,208,013
Supporting activities:						
Management and general	1,306,010	-	-	-	1,306,010	1,490,002
Fundraising	809,687	-	-	-	809,687	628,507
	2,115,697	-	-	-	2,115,697	2,118,509
Total expenses	11,659,914	-	-	-	11,659,914	11,326,522
Change in net assets	(192,962)	216,445	-	216,445	23,483	(753,295)
Net assets, beginning of year	891,803	1,231,982	169,500	1,401,482	2,293,285	3,046,580
Net assets, end of year	$ 698,841	1,448,427	169,500	1,617,927	2,316,768	2,293,285

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

ONE COLLECTIVE

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2018)

	PROGRAM ACTIVITIES				SUPPORT ACTIVITIES				
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING ACTIVITIES	2019 TOTAL	2018 TOTAL
Salaries	$ 4,098,224	636,114	158,053	4,892,391	519,550	437,975	957,525	5,849,916	6,207,050
Other employee benefits	397,355	68,159	19,271	484,785	117,271	42,521	159,792	644,577	637,433
Payroll taxes	278,670	37,055	8,118	323,843	27,067	24,686	51,753	375,596	400,434
	4,774,249	741,328	185,442	5,701,019	663,888	505,182	1,169,070	6,870,089	7,244,917
Travel	433,696	89,705	69,659	593,060	37,240	60,839	98,079	691,139	615,402
Contributions to other affiliates	915,480	-	-	915,480	-	-	-	915,480	1,032,581
Depreciation and amortization	-	8,245	8,245	16,490	38,475	-	38,475	54,965	199,888
Ministry expenses	90,910	6,177	767	97,854	3,901	3,899	7,800	105,654	114,653
Grants	1,344,983	-	-	1,344,983	-	-	-	1,344,983	985,127
Interest	-	-	-	-	5,731	-	5,731	5,731	61,258
Occupancy	70,143	11,561	22,098	103,802	153,985	45,927	199,912	303,714	173,487
Office expenses	113,357	49,387	3,048	165,792	8,083	25,584	33,667	199,459	205,199
Professional development	103,963	13,250	35,097	152,310	246,792	6,310	253,102	405,412	178,544
Printing and publications	11,171	21,976	4,427	37,574	22,045	8,988	31,033	68,607	47,967
Insurance	3,784	358	2,289	6,431	20,620	219	20,839	27,270	37,851
Advertising	1,345	106,506	3,639	111,490	1,263	47,208	48,471	159,961	21,789
Information technology	10	1,152	735	1,897	4,583	574	5,157	7,054	64,036
Professional services	-	-	1,758	1,758	23,872	-	23,872	25,630	39,702
Bank fees	-	-	-	-	65,373	-	65,373	65,373	71,216
Miscellaneous expenses	53,117	238,663	2,497	294,277	10,159	104,957	115,116	409,393	232,905
	$ 7,916,208	1,288,308	339,701	9,544,217	1,306,010	809,687	2,115,697	11,659,914	11,326,522

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

ONE COLLECTIVE

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2018)

	2019	2018
Cash provided by (applied to) operating activities:		
Change in net assets	$ 23,483	(753,295)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	54,965	199,888
Loss on disposal of property	-	122,040
Gifted and distributed marketable securities	(218,457)	(54,172)
Changes in:		
Contributions receivable	(500,000)	-
Prepaid expenses and other assets	90,797	(156,243)
Due from affiliates	(13,518)	5,019
Accounts payable and accrued expenses	(10,554)	54,031
Due to affiliates	14,368	(951)
Tenant liabilities	-	(17,313)
	(558,916)	(600,996)
Cash provided by (applied to) investing activities:		
Payments on note receivable	4,000	18,255
Proceeds from sales of marketable securities	218,457	54,172
Proceeds from sale of property	-	3,507,287
Purchases of furniture, equipment and leasehold improvements	(7,361)	(73,250)
	215,096	3,506,464
Cash applied to financing activities:		
Payments on mortgage note payable	-	(2,074,710)
Principal payments on lease liability	(12,238)	(1,923)
	(12,238)	(2,076,633)
Increase (decrease) in cash and cash equivalents	(356,058)	828,836
Cash and cash equivalents, beginning of year	1,929,609	1,100,773
Cash and cash equivalents, end of year	$ 1,573,551	1,929,609
Supplemental disclosure of cash flow information -		
Interest paid	$ 5,731	61,258

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.

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.

Contributions Receivable

Contributions receivable are reported at their net present value and reduced by an allowance for doubtful accounts.

Management's evaluation of the adequacy of the allowance is based on the Organization's past collection experience, known and inherent risks of the contributors comprising the receivable balance, adverse situations that may affect the contributor's ability to pay and current economic conditions. Based on the evaluation, management determined that an allowance for doubtful accounts was not necessary at June 30, 2019.

Contributions receivable as of June 30, 2019 consisted of one item for $500,000 due by December 31, 2020.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both and reported in the statements of activities as net assets released from restrictions.

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.

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

The financial statements report certain categories of expenses that are attributable to one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, fringe benefits, depreciation and occupancy, which are allocated on the basis of estimates of time.

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, 2019 and 2018, the Organization had no taxable unrelated business income.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2016, 2017, and 2018 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 25, 2019 to October 25, 2020.

Prior Year Summarized Information

The statements of activities and functional expenses include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

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 25, 2019, 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:

	2019	2018
Leasehold Improvements	$ 344,169	344,169
Office furniture and equipment	196,031	188,671
Leased office equipment	72,000	72,000
Computer equipment	65,568	65,568
	677,768	670,408
Less accumulated depreciation and amortization	(337,827)	(282,863)
	$ 339,941	387,545

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was $54,965 and $199,888, respectively.

NOTE 4 – FINANCIAL ASSETS AND LIQUIDITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

NOTE 4 – FINANCIAL ASSETS AND LIQUIDITY, CONTINUED

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financials assets, at year-end:		
Cash and cash equivalents	$	1,573,551
Contributions receivable		500,000
Due from affiliates		15,998
Total financial assets, at year-end		2,089,549
Less:		
Net assets with donor restrictions		(1,617,927)
Financial assets available to meet cash need for general Expenditures within one year	$	471,622

The Organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability; 2) maintaining adequate liquid assets to fund near-term operating needs; and 3) maintaining sufficient reserves to provide reasonable assurance that programming is continued, and obligations will be adequately discharged in the future. During the year ended June 30, 2019 the level of liquidity and reserves was managed within the policy requirements.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2019 and 2018 are available for the following purposes or periods:

		2019	2018
Endowment – original gift	$	169,500	169,500
Program and project activities	$	1,448,427	1,231,982
	$	1,617,927	1,401,482

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.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

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 with donor restriction 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 as with donor restriction net assets is classified as without donor restriction 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 $199,417 and $198,866 were composed totally of donor-restricted funds at June 30, 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

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.

Endowment net asset composition by type of fund as of June 30, 2019:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Donor-restricted endowment funds	$ -	198,866	198,866

Changes in endowment net assets for the year ended June 30, 2019:

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, July 1, 2018	$ -	198,866	198,866
Investment return, net	4,951	551	5,502
Appropriation of endowment assets for expenditures	(4,951)	-	(4,951)
	-	551	551
Endowment net assets, June 30, 2019	$ -	199,417	199,417

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Endowment net asset composition by type of fund as of June 30, 2018:

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Donor-restricted endowment funds	$	-	198,866	198,866

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

		WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Endowment net assets, July 1, 2017	$	-	194,462	194,462
Investment return, net		-	4,404	4,404
Appropriation of endowment assets for expenditures		(-)	-	(-)
		-	4,404	4,404
Endowment net assets, June 30, 2018	$	-	198,866	198,866

NOTE 7 – MANAGEMENT CONTRACTS

The Organization has entered into a contract for consulting, video and production services related to a major donor event planned for the fall of 2020. The total of the contract is $247,000. The first installment payment related to this contract was due July 1, 2019. Either party may request amendments or termination of the contract at any time.

NOTE 8 – 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:

		2019	2018
Office Equipment	$	72,000	72,000
Less accumulated amortization		(16,800)	(2,400)
	$	55,200	69,600

Aggregate future minimum lease payments and the present value of net future minimum payments at June 30, 2019 are as follows:

2020	$	17,882
2021		17,882
2022		17,882
2023		14,891
Less amount representing interest		10,600
Present value of net future minimum payments	$	57,937

The current portion of obligations under capital lease was $17,882 and $17,882 at June 30, 2019 and 2018, respectively.

NOTE 9 – 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 made lease payments in the amount of $88,354 which began September 1, 2018.

NOTE 9 – OPERATING LEASE, CONTINUED

The aggregate future minimum lease commitment on this lease as of June 30, 2019 is as follows:

2020	$	110,742
2021		115,540
2022		120,337
2023		125,135
Thereafter		21,589
		493,343

NOTE 10 – 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 11 - 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 2019 and 2018, the Organization received $114,160 and $127,703, respectively, from affiliated organizations which is included in contribution income, and transferred $915,480 and $1,032,581, respectively, to affiliated organizations which is primarily reflected as program expense for joint ministry activities. At June 30, 2019 and 2018, the Organization owed $87,794 and $73,425, respectively, to the affiliated organizations. At June 30, 2019 and 2018, the affiliated organizations owed $15,998 and $2,480, respectively, to the Organization.

NOTE 12 – RELATED PARTY TRANSACTION

The Organization entered into a contract with a consulting company on October 6, 2017 whereby the company would provide consulting services for a major donor event in 2019. The owner of the consulting company is the spouse of a former board member of the Organization. Total payments to the consulting company related to the 2019 event totaled $255,163 for the fiscal year ended June 30, 2019.