ONE COLLECTIVE

FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond & Ahern, Ltd

October 22, 2021
Chicago, IL

ONE COLLECTIVE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2020)

ASSETS

		2021	2020
Cash and cash equivalents	$	2,492,897	1,875,737
Investments		401,180	-
Contribution receivable		-	200,000
Prepaid expenses and other assets		382,324	338,520
Due from affiliates		3,821	2,697
Note receivable		-	45,255
Property and equipment, net		231,801	287,558
Total assets		3,512,023	2,749,767

LIABILITIES AND NET ASSETS

		2021	2020
Liabilities:			
Accounts payable and accrued expenses		207,189	213,732
Due to affiliates		80,795	86,545
Capital lease		28,286	44,087
Refundable advance		-	84,657
Tenant liabilities		850	850
Total liabilities		317,120	429,871
Net assets:			
Without donor restrictions		2,040,767	975,243
With donor restrictions:			
Purpose restrictions		984,636	1,175,153
Endowment		169,500	169,500
Total with donor restrictions		1,154,136	1,344,653
Total net assets		3,194,903	2,319,896
Total liabilities and net assets	$	3,512,023	2,749,767

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

ONE COLLECTIVE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2020)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			2021 TOTAL	2020 TOTAL
		PURPOSE RESTRICTIONS	ENDOWMENT	TOTAL		
Support and revenue:						
Contributions	$ 10,330,750	1,010,217	-	1,010,217	11,340,967	10,399,598
Rental and other income	29,162	19,521	-	19,521	48,683	64,216
Payroll Protection Program	669,757	-	-	-	669,757	500,443
Investment return, net	1,180	-	-	-	1,180	-
	11,030,849	1,029,738	-	1,029,738	12,060,587	10,964,257
Net assets released from restrictions -						
Satisfaction of purpose restrictions	1,220,255	(1,220,255)	-	(1,220,255)	-	-
Total support and revenue	12,251,104	(190,517)	-	(190,517)	12,060,587	10,964,257
Expenses:						
Program activities:						
Ministry activities	7,754,600	-	-	-	7,754,600	7,613,380
Awareness and education	1,020,751	-	-	-	1,020,751	974,123
Training	328,625	-	-	-	328,625	300,922
	9,103,976	-	-	-	9,103,976	8,888,425
Supporting activities:						
Management and general	1,334,169	-	-	-	1,334,169	1,336,490
Fundraising	747,435	-	-	-	747,435	736,214
	2,081,604	-	-	-	2,081,604	2,072,704
Total expenses	11,185,580	-	-	-	11,185,580	10,961,129
Change in net assets	1,065,524	(190,517)	-	(190,517)	875,007	3,128
Net assets, beginning of year	975,243	1,175,153	169,500	1,344,653	2,319,896	2,316,768
Net assets, end of year	$ 2,040,767	984,636	169,500	1,154,136	3,194,903	2,319,896

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

ONE COLLECTIVE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2020)

	PROGRAM ACTIVITIES				SUPPORT ACTIVITIES				
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING ACTIVITIES	2021 TOTAL	2020 TOTAL
Salaries	$ 4,129,175	716,073	201,136	5,046,384	555,305	495,053	1,050,358	6,096,742	5,708,961
Other employee benefits	404,374	80,763	20,368	505,505	95,630	52,042	147,672	653,177	661,846
Payroll taxes	279,119	42,381	11,024	332,524	30,029	28,464	58,493	391,017	366,007
	4,812,668	839,217	232,528	5,884,413	680,964	575,559	1,256,523	7,140,936	6,736,814
Travel	215,924	43,813	12,547	272,284	6,975	37,032	44,007	316,291	443,712
Contributions to other affiliates	1,181,453	-	-	1,181,453	-	-	-	1,181,453	1,122,729
Depreciation and amortization	5,576	5,576	5,576	16,728	39,030	-	39,030	55,758	55,522
Ministry expenses	72,092	4,231	212	76,535	1,152	2,699	3,851	80,386	111,517
Grants	952,193	-	-	952,193	-	-	-	952,193	1,038,150
Interest	-	-	354	354	2,803	387	3,190	3,544	4,759
Occupancy	65,405	11,915	22,685	100,005	151,029	45,595	196,624	296,629	286,384
Office expenses	241,780	27,103	3,718	272,601	11,851	19,742	31,593	304,194	285,318
Professional development	171,173	21,155	38,799	231,127	280,446	10,262	290,708	521,835	488,606
Printing and publications	14,291	17,954	3,985	36,230	17,242	12,540	29,782	66,012	50,753
Insurance	4,152	391	3,104	7,647	28,036	244	28,280	35,927	29,238
Advertising	-	12,282	-	12,282	-	7,686	7,686	19,968	31,022
Information technology	1,345	5,907	1,744	8,996	7,791	2,235	10,026	19,022	9,101
Professional services	3,677	346	2,314	6,337	19,768	1,360	21,128	27,465	25,245
Bank fees	-	-	-	-	78,589	-	78,589	78,589	69,953
Miscellaneous expenses	12,871	30,861	1,059	44,791	8,493	32,094	40,587	85,378	172,306
	$ 7,754,600	1,020,751	328,625	9,103,976	1,334,169	747,435	2,081,604	11,185,580	10,961,129

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

ONE COLLECTIVE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2020)

	2021	2020
Cash provided by (applied to) operating activities:		
Change in net assets	$ 875,007	3,128
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	55,758	55,522
Net realized and unrealized (gain) on investments	(1,180)	-
Changes in:		
Refundable advance	(84,657)	84,657
Contributions receivable	200,000	300,000
Prepaid expenses and other assets	(43,804)	(156,781)
Due from affiliates	(1,124)	13,301
Accounts payable and accrued expenses	(6,543)	(1,791)
Due to affiliates	(5,750)	(1,249)
	987,707	296,788
Cash provided by (applied to) investing activities:		
Payments on note receivable	45,255	22,290
Purchases of investments	(400,000)	-
Purchases of property and equipment	-	(3,140)
	(354,745)	19,150
Cash applied to financing activities:		
Principal payments on capital lease	(15,801)	(13,751)
	(15,801)	(13,751)
Increase in cash and cash equivalents	617,161	302,186
Cash and cash equivalents, beginning of year	1,875,737	1,573,551
Cash and cash equivalents, end of year	$ 2,492,898	1,875,737
Other cash flow information:		
Interest paid	$ 3,544	4,759

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

NOTES TO 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 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.

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.

Investments

Investments are reported at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses, interest and dividends) is reported net of external and direct internal investment expenses and is included in the statements of activities as increases and decreases in net assets without donor restrictions unless the income or loss is restricted by the donor or law.

Contributions receivable

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions receivable, continued

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, 2021.

Prepaid Expenses

Prepaid expenses consist of expenses that have been paid before incurred primarily related to conferences, and insurance.

Property and Equipment

Property 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. Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

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, such as the Organization's endowment.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, donor 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.

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, other employee benefits, depreciation and occupancy, which are allocated on the basis of estimates of time.

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 year ended June 30, 2021, the Organization had no taxable unrelated business income.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2018, 2019, and 2020 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 principles generally accepted in the United States of America 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 were 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 15, 2021 to October 15, 2022.

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 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, 2020, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Leases

In February 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (topic 842). The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. The ASUs are effective for the fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the methods of adoption allowed and the effect that adoption is expected to have on its statement of financial position, functional expenses and related disclosures.

Change in Accounting Principles – Fair Value Measurement

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which modifies certain disclosure requirements for reporting fair value measurements. The Organization adopted this guidance on a retrospective basis as of July 1, 2020 and has adjusted the presentation in these financial statements accordingly. The adoption did not have a material impact on the Organization's disclosures related to fair value measurements.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 15, 2021, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

NOTE 2 - FAIR VALUE MEASUREMENTS, CONTINUED

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021.

Mutual funds: Valued at the closing price as reported on the active market on which the individual securities are traded.

Corporate and government bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 2 - FAIR VALUE MEASUREMENTS, CONTINUED

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	Assets at Fair Value as of June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Mutual funds	$ 84,308	-	-	84,308
Corporate and government bonds	-	316,872	-	316,872
Total assets in the fair value hierarchy	$ 84,308	316,872	-	401,180
Assets measured at NAV[a]				-
Total assets at fair value				$ 401,180

[a] In accordance with subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

For the years ended June 30, 2021, there were no significant transfers between Levels 1 and 2 and no transfers into or out of Level 3.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

		2021
Leasehold improvements	$	344,169
Office furniture and equipment		196,031
Leased office equipment		72,000
Computer equipment		68,708
		680,908
Less accumulated depreciation and amortization		(449,107)
	$	231,801

Depreciation and amortization expense for the years ended June 30, 2021 was $55,758.

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.

As of June 30, 2021, 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	$	2,492,897
Investments		401,180
Total financial assets, at year-end		2,894,077
Less:		
Net assets with donor restrictions		(1,154,136)
Financial assets available to meet cash needs for general expenditures within one year	$	1,739,941

NOTE 4 – FINANCIAL ASSETS AND LIQUIDITY, CONTINUED

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, 2021 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, 2021 are available for the following purposes or periods:

		2021
Endowment – original gift	$	169,500
Program and project activities		984,636
	$	1,154,136

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 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

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

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 $169,500 were composed totally of donor-restricted funds at June 30, 2021, 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, 2021.

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, 2021.

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.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

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, 2021:

	2021			
		With Donor Restrictions		
	Without Restrictions	Restricted for Programs	Perpetual in Nature	Total
Endowment net assets, beginning of year	-	-	169,500	169,500
Investment return				
Investment income	3,699	-	-	3,699
Appropriation of endowment assets for expenditure	(3,699)	-	-	(3,699)
Endowment net assets, end of year	-	-	169,500	169,500

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, this event was rescheduled to fall 2021. The total of the contract is $265,300. 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:

		2021
Office Equipment	$	72,000
Less accumulated amortization		(45,600)
	$	26,400

Aggregate future minimum lease payments and the present value of net future minimum payments at June 30, 2021 are as follows:

2022	$	19,713
2023		14,785
Less amount representing interest		(6,212)
Present value of net future minimum payments	$	28,286

The current portion of obligations under capital lease was $19,713 at June 30, 2021.

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 $115,540 for the year ended June 30, 2021.

NOTE 9 – OPERATING LEASE, CONTINUED

The aggregate future minimum lease commitment on this lease as of June 30, 2021 is as follows:

2022	$	120,339
2023		125,137
Thereafter		21,588
	$	267,064

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 2021, the Organization received $143,515, from affiliated organizations which is included in contribution income, and transferred $1,181,453, to affiliated organizations which is primarily reflected as program expense for joint ministry activities. At June 30, 2021, the Organization owed $80,795, to the affiliated organizations. At June 30, 2021, the affiliated organizations owed $3,821, to the Organization.

Note 12 – PAYCHECK PROTECTION LOAN

On May 6, 2020 and February 16, 2021, the Organization received loan proceeds in the amount of $585,100 on each date, respectively, under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has used the proceeds in the amount of $669,757, for purposes consistent with the PPP and elected to follow ASC 958-605 and record the loan as a refundable advance where once forgiveness conditions are substantially met or explicitly waived, the entity would reduce the refundable advance and record a contribution for the amount forgiven. The Organization is in the process of requesting forgiveness of the 2021 loan and has received full forgiveness for 2020 loan. The Organization does not expect to be denied forgiveness.