

ONE COLLECTIVE

FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

ONE COLLECTIVE

Table of Contents

Independent Auditor's Report	1 - 2
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7 - 19



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
One Collective
Elgin, IL

Opinion

We have audited the accompanying financial statements of One Collective (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of One Collective and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about One Collective's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 One Collective's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about One Collective's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the One Collective 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond J. Ahern, Ltd

October 24, 2022
Chicago, IL

ONE COLLECTIVE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021)

ASSETS

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,894,279	2,492,897
Investments	453,675	401,180
Prepaid expenses and other assets	330,859	382,324
Due from affiliates	4,313	3,821
Property and equipment, net	<u>180,194</u>	<u>231,801</u>
Total assets	<u><u>3,863,320</u></u>	<u><u>3,512,023</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	267,664	207,189
Due to affiliates	106,197	80,795
Capital lease	10,544	28,286
Tenant liabilities	<u>850</u>	<u>850</u>
Total liabilities	<u>385,255</u>	<u>317,120</u>

Net assets:

Without donor restrictions	2,110,335	2,040,767
With donor restrictions:		
Purpose restrictions	1,198,230	984,636
Endowment	<u>169,500</u>	<u>169,500</u>
Total with donor restrictions	<u>1,367,730</u>	<u>1,154,136</u>
Total net assets	<u>3,478,065</u>	<u>3,194,903</u>
Total liabilities and net assets	<u><u>\$ 3,863,320</u></u>	<u><u>3,512,023</u></u>

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

ONE COLLECTIVE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS			2022 TOTAL	2021 TOTAL
		PURPOSE RESTRICTIONS	ENDOWMENT	TOTAL		
Support and revenue:						
Contributions	\$ 12,143,468	1,699,017	-	1,699,017	13,842,485	11,340,967
Rental and other income	23,935	17,769	-	17,769	41,704	48,683
Payroll Protection Program	-	-	-	-	-	669,757
Investment return, net	(47,504)	-	-	-	(47,504)	1,180
	<u>12,119,899</u>	<u>1,716,786</u>	<u>-</u>	<u>1,716,786</u>	<u>13,836,685</u>	<u>12,060,587</u>
Net assets released from restrictions -						
Satisfaction of purpose restrictions	1,503,192	(1,503,192)	-	(1,503,192)	-	-
	<u>13,623,091</u>	<u>213,594</u>	<u>-</u>	<u>213,594</u>	<u>13,836,685</u>	<u>12,060,587</u>
Expenses:						
Program activities:						
Ministry activities	9,381,187	-	-	-	9,381,187	7,754,600
Awareness and education	1,340,607	-	-	-	1,340,607	1,020,751
Training	404,267	-	-	-	404,267	328,625
	<u>11,126,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,126,061</u>	<u>9,103,976</u>
Supporting activities:						
Management and general	1,407,918	-	-	-	1,407,918	1,334,169
Fundraising	1,019,544	-	-	-	1,019,544	747,435
	<u>2,427,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,427,462</u>	<u>2,081,604</u>
Total expenses	<u>13,553,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,553,523</u>	<u>11,185,580</u>
Change in net assets	69,568	213,594	-	213,594	283,162	875,007
Net assets, beginning of year	<u>2,040,767</u>	<u>984,636</u>	<u>169,500</u>	<u>1,154,136</u>	<u>3,194,903</u>	<u>2,319,896</u>
Net assets, end of year	<u>\$ 2,110,335</u>	<u>1,198,230</u>	<u>169,500</u>	<u>1,367,730</u>	<u>3,478,065</u>	<u>3,194,903</u>

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

ONE COLLECTIVE

STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED JUNE 30, 2022
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021)**

	PROGRAM ACTIVITIES			SUPPORT ACTIVITIES			2022 TOTAL	2021 TOTAL	
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING			TOTAL SUPPORTING ACTIVITIES
Salaries	\$ 4,605,162	761,174	213,488	5,579,824	596,343	517,937	1,114,280	6,694,104	6,096,742
Other employee benefits	485,343	90,805	21,062	597,210	81,013	56,852	137,865	735,075	653,177
Payroll taxes	312,504	45,159	11,604	369,267	30,351	29,644	59,995	429,262	391,017
	<u>5,403,009</u>	<u>897,138</u>	<u>246,154</u>	<u>6,546,301</u>	<u>707,707</u>	<u>604,433</u>	<u>1,312,140</u>	<u>7,858,441</u>	<u>7,140,936</u>
Travel	505,879	138,304	59,908	704,091	22,450	117,693	140,143	844,234	316,291
Contributions to other affiliates	1,580,920	-	-	1,580,920	-	-	-	1,580,920	1,181,453
Depreciation and amortization	5,161	5,161	5,161	15,483	36,126	-	36,126	51,609	55,758
Ministry expenses	91,163	8,200	2,287	101,650	4,334	5,022	9,356	111,006	80,386
Grants	1,228,606	-	-	1,228,606	-	-	-	1,228,606	952,193
Interest	-	-	207	207	1,449	414	1,863	2,070	3,544
Occupancy	50,243	11,058	24,320	85,621	157,235	45,190	202,425	288,046	296,629
Office expenses	255,172	51,996	5,259	312,427	13,538	45,048	58,586	371,013	304,194
Professional development	205,239	23,685	40,793	269,717	264,528	12,798	277,326	547,043	521,835
Printing and publications	19,746	18,444	5,167	43,357	20,418	10,801	31,219	74,576	66,012
Insurance	3,565	341	3,207	7,113	28,688	-	28,688	35,801	35,927
Advertising	-	54,330	6,297	60,627	-	47,281	47,281	107,908	19,968
Information technology	1,549	3,447	1,805	6,801	11,733	1,337	13,070	19,871	19,022
Professional services	7,631	718	2,016	10,365	17,895	882	18,777	29,142	27,465
Bank fees	-	-	-	-	111,521	-	111,521	111,521	78,589
Miscellaneous expenses	23,304	127,785	1,686	152,775	10,296	128,645	138,941	291,716	85,378
	<u>\$ 9,381,187</u>	<u>1,340,607</u>	<u>404,267</u>	<u>11,126,061</u>	<u>1,407,918</u>	<u>1,019,544</u>	<u>2,427,462</u>	<u>13,553,523</u>	<u>11,185,580</u>

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

ONE COLLECTIVE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2021)

	2022	2021
Cash provided by (applied to) operating activities:		
Change in net assets	\$ 283,162	875,007
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	51,609	55,758
Net realized and unrealized loss (gain) on investments	47,504	(1,180)
Changes in:		
Refundable advance	-	(84,657)
Contributions receivable	-	200,000
Prepaid expenses and other assets	51,465	(43,804)
Due from affiliates	(492)	(1,125)
Accounts payable and accrued expenses	60,475	(6,543)
Due to affiliates	25,402	(5,750)
	519,125	987,706
Cash provided by (applied to) investing activities:		
Payments on note receivable	-	45,255
Purchases of investments	(100,000)	(400,000)
	(100,000)	(354,745)
Cash applied to financing activities:		
Principal payments on capital lease	(17,742)	(15,801)
	(17,742)	(15,801)
Increase in cash and cash equivalents	401,383	617,159
Cash and cash equivalents, beginning of year	2,492,896	1,875,737
Cash and cash equivalents, end of year	\$ 2,894,279	2,492,896
Other cash flow information:		
Interest paid	\$ 2,070	3,544

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

ONE COLLECTIVE

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.

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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, 2022.

Prepaid Expenses

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

Property and Equipment

Property and equipment purchased at a cost in excess of \$5,000 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 those 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.

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

Advertising

The Organization expenses advertising costs as they are incurred. For the year ended June 30, 2022 the amount charged to advertising expense was \$107,908.

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.

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2022, the Organization had no taxable unrelated business income.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2019, 2020, and 2021 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 through October 24, 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, 2021, from which the summarized information was derived.

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 24, 2022, 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. |
|---------|---|

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - FAIR VALUE MEASUREMENTS, CONTINUED

Level 2	<p>Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:</p> <ul style="list-style-type: none">• 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. <p>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.</p>
Level 3	<p>Inputs to the valuation methodology are unobservable and significant to the fair value measurement.</p>

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, 2022.

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.

Limited partnerships: Fair value is measured at the daily net asset value (NAV) per share based on the fair value of the underlying investments. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

ONE COLLECTIVE

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 2 - FAIR VALUE MEASUREMENTS, CONTINUED

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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

Assets at Fair Value as of June 30, 2022					
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:					
Mutual funds	\$	106,433	-	-	106,433
Corporate and government bonds		<u>-</u>	<u>347,243</u>	<u>-</u>	<u>347,243</u>
Total assets in the fair value hierarchy	\$	<u>106,433</u>	<u>347,243</u>	<u>-</u>	453,676
Assets measured at NAV ^(a)					<u>-</u>
Total assets at fair value				\$	<u>453,676</u>

^(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, 2022, there were no significant transfers between Levels 1 and 2 and no transfers into or out of Level 3.

ONE COLLECTIVE

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2022</u>
Leasehold improvements	\$ 344,169
Office furniture and equipment	196,031
Leased office equipment	72,000
Computer equipment	<u>68,709</u>
	680,908
Less accumulated depreciation and amortization	(<u>500,715</u>)
	\$ <u><u>180,194</u></u>

Depreciation and amortization expense for the year ended June 30, 2022 was \$51,609.

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, 2022, 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	\$ 2,894,279
Investments	<u>453,675</u>
Total financial assets, at year-end	3,347,954

Less:

Net assets with donor restrictions	<u>(1,367,730)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>1,980,224</u></u>

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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, 2022 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, 2022 are available for the following purposes or periods:

	<u>2022</u>
Endowment – original gift	\$ 169,500
Program and project activities	<u>1,198,230</u>
	<u>\$ 1,367,730</u>

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

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2022, 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 year ended June 30, 2022.

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 year ended June 30, 2022.

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.

ONE COLLECTIVE

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

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, 2022:

	2022			Total
	Without Restrictions	Restricted for Programs	Perpetual in Nature	
Endowment net assets, beginning of year	-	-	169,500	169,500
Investment return				
Investment income	2,532	-	-	2,532
Appropriation of endowment assets for expenditure	(2,532)	-	-	(2,532)
Endowment net assets, end of year	-	-	169,500	169,500

NOTE 7 – MANAGEMENT CONTRACTS

The Organization entered into a contract for consulting, video and production services related to a major donor event planned for the fall of 2023. The total of the contract is \$273,500. The first installment payment related to this contract was due July 1, 2022. Either party may request amendments or termination of the contract at any time. The Organization also entered into a contract with the hotel where the major donor event will take place. The total of this contract is \$197,758. Either party may request amendments or termination of the contract at any time.

ONE COLLECTIVE

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

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:

	<u>2022</u>
Office Equipment	\$ 72,000
Less accumulated amortization	<u>(60,000)</u>
	\$ <u>12,000</u>

Aggregate future minimum lease payments and the present value of net future minimum payments at June 30, 2022 are as follows:

2023	\$ <u>14,785</u>
Less amount representing interest	<u>(4,241)</u>
Present value of net future minimum payments	\$ <u>10,544</u>

The current portion of obligations under capital lease was \$14,785 at June 30, 2022.

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 \$120,337 for the year ended June 30, 2022.

ONE COLLECTIVE

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 9 – OPERATING LEASE, CONTINUED

The aggregate future minimum lease commitment on this lease as of June 30, 2022, is as follows:

2023	\$	125,135
2024		<u>21,588</u>
	\$	<u>146,723</u>

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 2022, the Organization received \$120,283, from affiliated organizations which is included in contribution income, and transferred \$1,580,920, to affiliated organizations which is primarily reflected as program expense for joint ministry activities. At June 30, 2022, the Organization owed \$106,197, to the affiliated organizations. At June 30, 2022, the affiliated organizations owed \$4,313, to the Organization.