ONE COLLECTIVE

FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond & Ahern, Ltd

October 15, 2020
Chicago, IL

ONE COLLECTIVE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2019)

ASSETS

		2020	2019
Cash and cash equivalents	$	1,875,737	1,573,551
Contribution receivable		200,000	500,000
Prepaid expenses and other assets		338,520	181,739
Due from affiliates		2,697	15,998
Note receivable		45,255	67,545
Land, buildings and equipment, net		287,558	339,941
Total assets		2,749,767	2,678,774

LIABILITIES AND NET ASSETS

		2020	2019
Liabilities:			
Accounts payable and accrued expenses		213,732	215,523
Due to affiliates		86,545	87,794
Lease liability		44,087	57,839
Deferred Income		84,657	-
Tenant liabilities		850	850
Total liabilities		429,871	362,006
Net assets:			
Without donor restrictions		975,243	698,841
With donor restrictions:			
Endowment		169,500	169,500
Purpose restrictions		1,175,153	1,448,427
Total with donor restrictions		1,344,653	1,617,927
Total net assets		2,319,896	2,316,768
Total liabilities and net assets	$	2,749,767	2,678,774

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

ONE COLLECTIVE

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2019)

		WITH DONOR RESTRICTION				
	WITHOUT DONOR RESTRICTION	PURPOSE RESTRICTION	ENDOWMENT	TOTAL	2020 TOTAL	2019 TOTAL
Support and revenue:						
Contributions	$ 9,206,776	1,192,822	-	1,192,822	10,399,598	11,599,886
Rental and other income	40,628	23,588	-	23,588	64,216	83,511
Payroll Protection Program	500,443	-	-	-	500,443	-
	9,747,847	1,216,410	-	1,216,410	10,964,257	11,683,397
Net assets released from restrictions -						
Satisfaction of purpose restrictions	1,489,684	(1,489,684)	-	(1,489,684)	-	-
Total support and revenue	11,237,531	(273,274)	-	(273,274)	10,964,257	11,683,397
Expenses:						
Program activities:						
Ministry activities	7,613,380	-	-	-	7,613,380	7,916,208
Awareness and education	974,123	-	-	-	974,123	1,288,308
Training	300,922	-	-	-	300,922	339,701
	8,888,425	-	-	-	8,888,425	9,544,217
Supporting activities:						
Management and general	1,336,490	-	-	-	1,336,490	1,306,010
Fundraising	736,214	-	-	-	736,214	809,687
	2,072,704	-	-	-	2,072,704	2,115,697
Total expenses	10,961,129	-	-	-	10,961,129	11,659,914
Change in net assets	276,402	(273,274)	-	(273,274)	3,128	23,483
Net assets, beginning of year	698,841	1,448,427	169,500	1,617,927	2,316,768	2,293,285
Net assets, end of year	$ 975,243	1,175,153	169,500	1,344,653	2,319,896	2,316,768

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

ONE COLLECTIVE

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2019)

	PROGRAM ACTIVITIES				SUPPORT ACTIVITIES				
	MINISTRY ACTIVITIES	AWARENESS AND EDUCATION	TRAINING	TOTAL PROGRAM ACTIVITIES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING ACTIVITIES	2020 TOTAL	2019 TOTAL
Salaries	$ 3,864,918	653,056	175,839	4,693,813	549,007	466,141	1,015,148	5,708,961	5,849,916
Other employee benefits	400,620	75,330	19,701	495,651	115,893	50,302	166,195	661,846	644,577
Payroll taxes	261,502	38,473	9,469	309,444	30,014	26,549	56,563	366,007	375,596
	4,527,040	766,859	205,009	5,498,908	694,914	542,992	1,237,906	6,736,814	6,870,089
Travel	340,651	36,127	7,725	384,503	28,899	30,310	59,209	443,712	691,139
Contributions to other affiliates	1,122,729	-	-	1,122,729	-	-	-	1,122,729	915,480
Depreciation and amortization	-	8,328	8,328	16,656	38,866	-	38,866	55,522	54,965
Ministry expenses	96,598	5,885	292	102,775	4,421	4,321	8,742	111,517	105,654
Grants	1,038,150	-	-	1,038,150	-	-	-	1,038,150	1,344,983
Interest	-	-	-	-	4,759	-	4,759	4,759	5,731
Occupancy	60,400	10,860	21,681	92,941	149,478	43,965	193,443	286,384	303,714
Office expenses	225,386	25,459	2,429	253,274	13,516	18,528	32,044	285,318	199,459
Professional development	161,327	20,403	44,503	226,233	251,284	11,089	262,373	488,606	405,412
Printing and publications	8,858	13,774	3,489	26,121	14,365	10,267	24,632	50,753	68,607
Insurance	2,185	208	2,674	5,067	24,046	125	24,171	29,238	27,270
Advertising	-	20,159	586	20,745	938	9,339	10,277	31,022	159,961
Information technology	272	1,382	907	2,561	6,231	309	6,540	9,101	7,054
Professional services	-	-	1,768	1,768	23,477	-	23,477	25,245	25,630
Bank fees	-	-	-	-	69,953	-	69,953	69,953	65,373
Miscellaneous expenses	29,784	64,679	1,531	95,994	11,343	64,969	76,312	172,306	409,393
	$ 7,613,380	974,123	300,922	8,888,425	1,336,490	736,214	2,072,704	10,961,129	11,659,914

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

ONE COLLECTIVE

STATEMENTS OF CASH FLOWS

YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2019)

		2020	2019
Cash provided by (applied to) operating activities:			
Change in net assets	$	3,128	23,483
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:			
Depreciation and amortization		55,522	54,965
Gifted and distributed marketable securities		-	(218,457)
Changes in:			
Deferred income		84,657	-
Contributions receivable		300,000	(500,000)
Prepaid expenses and other assets		(156,781)	90,797
Due from affiliates		13,301	(13,518)
Accounts payable and accrued expenses		(1,791)	(10,554)
Due to affiliates		(1,249)	14,368
		296,788	(558,916)
Cash provided by (applied to) investing activities:			
Payments on note receivable		22,290	4,000
Proceeds from sales of marketable securities		-	218,457
Purchases of furniture, equipment and leasehold improvements		(3,140)	(7,361)
		19,150	215,096
Cash applied to financing activities:			
Principal payments on lease liability		(13,751)	(12,238)
		(13,751)	(12,238)
Increase (decrease) in cash and cash equivalents		302,186	(356,058)
Cash and cash equivalents, beginning of year		1,573,551	1,929,609
Cash and cash equivalents, end of year	$	1,875,737	1,573,551
Supplemental disclosure of cash flow information -			
Interest paid	$	4,759	5,731

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, 2020.

Contributions receivable as of June 30, 2020 consisted of one item for $200,000 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 year ended June 30, 2020, the Organization had no taxable unrelated business income.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2017, 2018, and 2019 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 15, 2020 to October 15, 2021.

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, 2019, 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.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosure through October 15, 2020, the date the financial statements were available to be issued.

Accounting Standards Update

During 2020, the Organization adopted Accounting Standards Update ("ASU") No. 2014-09 – Revenue from Contracts with Customers, collectively "ASC 606" which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets. The majority of the Organization's revenue comes from individual donations and contributions which does not fall within the scope of ASC 606.

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Revenue recognition related to contribution revenue remained unchanged.

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:

		2020
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		(393,350)
	$	287,558

Depreciation and amortization expense for the year ended June 30, 2020 was $55,523.

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, 2020, 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	$	1,845,735
Contributions receivable		200,000
Total financial assets, at year-end		2,045,735
Less:		
Net assets with donor restrictions		(1,344,658)
Financial assets available to meet cash need for general Expenditures within one year	$	701,077

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, 2020 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, 2020 are available for the following purposes or periods:

		2020
Endowment – original gift	$	169,500
Program and project activities	$	1,175,158
	$	1,344,658

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 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.

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

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, 2020, 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, 2020.

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, 2020.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

NOTE 6 - ENDOWMENT FUNDS, CONTINUED

Endowment net asset composition by type of fund as of June 30, 2020:

	2020			
		With Donor Restrictions		
	Without Restrictions	Restricted for Programs	Perpetual in Nature	Total
Endowment net assets, beginning of year	-	29,917	169,500	199,417
Investment return				
Investment income	5,416	-	-	5,416
Net appreciation, realized and unrealized	-	-	-	-
Contributions	-	-	-	-
Transfer from general funds without restrictions	-	-	-	-
Appropriation of endowment assets for expenditure	(5,416)	(29,917)	-	(35,333)
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:

		2020
Office Equipment	$	72,000
Less accumulated amortization		(31,200)
	$	40,800

Aggregate future minimum lease payments and the present value of net future minimum payments at June 30, 2020 are as follows:

2021	$	17,882
2022		17,882
2023		14,891
Less amount representing interest		6,568
Present value of net future minimum payments	$	44,087

The current portion of obligations under capital lease was $17,882 at June 30, 2020.

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 $110,742 for the year ended June 30, 2020.

NOTE 9 – OPERATING LEASE, CONTINUED

The aggregate future minimum lease commitment on this lease as of June 30, 2020 is as follows:

2021	$	115,540
2022		120,337
2023		125,135
Thereafter		21,589
		382,601

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 2020, the Organization received $94,855, from affiliated organizations which is included in contribution income, and transferred $1,122,729, to affiliated organizations which is primarily reflected as program expense for joint ministry activities. At June 30, 2020, the Organization owed $86,544, to the affiliated organizations. At June 30, 2020, the affiliated organizations owed $2,697, to the Organization.

Note 12 – PAYCHECK PROTECTION LOAN

On May 6, 2020, the Organization received loan proceeds in the amount of $585,100 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 $500,443 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 has funds of $84,657 remaining as deferred income to be used over the twenty-four week period