Outreach International

Financial Report
September 30, 2015

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Independent Auditor's Report

To the Board of Directors
Outreach International
Independence, Missouri

Report on the Financial Statements
We have audited the accompanying financial statements of Outreach International (the Organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and changes in net assets, 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 from 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 Organization'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 Organization'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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2015 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters
The financial statements of the Organization as of and for the year ended September 30, 2014 were audited by other auditors whose report dated March 26, 2015 expressed an unmodified opinion on those statements.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
March 3, 2016

Outreach International

Statements of Financial Position
September 30, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 68,503	$ 131,942
Prepaid expenses and other assets	2,464	12,357
Total current assets	70,967	144,299
Investments:		
Investments (Note 2)	1,682,424	482,302
Mineral rights (Note 2)	38,483	38,483
Total investments	1,720,907	520,785
Equipment:		
Equipment	86,738	86,738
Accumulated depreciation	(85,941)	(83,667)
Total equipment	797	3,071
Intangible and other assets:		
Branding	155,365	155,365
Video	211,551	211,551
Accumulated amortization	(320,163)	(273,409)
Bequests—wills and trust, net (Note 5)	1,150,000	1,389,996
Total intanglible and other assets	1,196,753	1,483,503
Total assets	$ 2,989,424	$ 2,151,658
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 41,822	$ 66,151
Accrued expenses and other liabilities	47,503	77,845
Total current liabilities	89,325	143,996
Long-term liabilities:		
Deferred compensation	56,183	29,270
Termination benefits	-	8,961
Total long-term liabilities	56,183	38,231
Total liabilities	145,508	182,227
Net assets (Note 7 and 8):		
Unrestricted:		
General operating	1,416,188	727,503
Board designated	399,818	378,017
Total unrestricted net assets	1,816,006	1,105,520
Temporarily restricted	721,107	557,108
Permanently restricted	306,803	306,803
Total net assets	2,843,916	1,969,431
Total liabilities and net assets	$ 2,989,424	$ 2,151,658

See notes to financial statements.

Outreach International

Statements of Activities and Changes in Net Assets
Years Ended September 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, losses and other support:								
Contributions	$ 3,406,955	$ 466,608	$ -	$ 3,873,563	$ 2,490,027	$ 248,544	$ 1,450	$ 2,740,021
Grants	-	-	-	-	-	258,796	-	258,796
Gifts-in-kind	134,874	-	-	134,874	496,016	-	-	496,016
Other revenue:								
Investment income (Note 2)	9,182	-	-	9,182	11,373	40,434	-	51,807
Provision for loss on beneficial interest (Note 5)	(239,996)	-	-	(239,996)	-	-	-	-
Other income	890	-	-	890	38,200	-	-	38,200
Net assets released from restrictions:								
Program use restrictions satisfied	302,609	(302,609)	-	-	175,142	(175,142)	-	-
Change in donor restrictions	-	-	-	-	149,911	(149,911)	-	-
Total revenues, gains, losses and other support	3,614,514	163,999	-	3,778,513	3,360,669	222,721	1,450	3,584,840
Expenses:								
Program services:								
Community development initiatives	1,684,240	-	-	1,684,240	1,663,783	-	-	1,663,783
Advocacy and development education	618,503	-	-	618,503	710,154	-	-	710,154
Total program services	2,302,743	-	-	2,302,743	2,373,937	-	-	2,373,937
Supporting services:								
Fundraising	383,192	-	-	383,192	944,541	-	-	944,541
Administration	218,093	-	-	218,093	217,001	-	-	217,001
Total supporting services	601,285	-	-	601,285	1,161,542	-	-	1,161,542
Total expenses	2,904,028	-	-	2,904,028	3,535,479	-	-	3,535,479
Changes in net assets	710,486	163,999	-	874,485	(174,810)	222,721	1,450	49,361
Net assets, beginning of year	1,105,520	557,108	306,803	1,969,431	1,280,330	334,387	305,353	1,920,070
Net assets, end of year	$ 1,816,006	$ 721,107	$ 306,803	$ 2,843,916	$ 1,105,520	$ 557,108	$ 306,803	$ 1,969,431

See notes to financial statements.

Outreach International

Statement of Functional Expenses
Year Ended September 30, 2015

	Program Services			Supporting Services		
	Community Development Initiatives	Advocacy	Total Program Services	Fundraising	Administration	Total Expenses
Salaries and wages	$ 145,295	$ 198,013	$ 343,308	$ 138,361	$ 96,980	$ 578,649
Payroll taxes and fees	4,529	8,236	12,765	9,391	6,002	28,158
Benefits	40,639	55,442	96,081	38,400	23,806	158,287
Other personnel	859	1,551	2,410	868	2,476	5,754
Professional fees	11,678	13,093	24,771	7,564	19,668	52,003
Advertsing and promotion	2,538	5,139	7,677	4,733	4,195	16,605
Office supplies and printing	19,036	29,500	48,536	13,309	10,997	72,842
Information technology	24,210	19,490	43,700	11,783	10,875	66,358
Occupancy	18,770	23,498	42,268	6,582	9,653	58,503
Travel	4,032	13,168	17,200	9,809	2,864	29,873
Conferences, conventions and meetings	833	3,191	4,024	1,552	1,437	7,013
Interest	102	137	239	76	97	412
Depreciation and amortization	955	19,360	20,315	28,439	274	49,028
Insurance	368	254	622	149	104	875
Resource development	11,735	198,266	210,001	99,895	6,096	315,992
Equipment and maintenance	3,589	2,890	6,479	1,830	1,375	9,684
Field support	317,425	-	317,425	-	-	317,425
Field operations	1,076,854	-	1,076,854	-	-	1,076,854
Site visits and mission trips	-	17,228	17,228	2,956	-	20,184
Event coordinator	-	9,667	9,667	-	-	9,667
Credit card fees	675	295	970	183	20,328	21,481
Miscellaneous	118	-	118	7,227	-	7,345
Cost of goods sold	-	85	85	85	866	1,036
Total	$ 1,684,240	$ 618,503	$ 2,302,743	$ 383,192	$ 218,093	$ 2,904,028

See notes to financial statements.

Outreach International

Statement of Functional Expenses
Year Ended September 30, 2014

	Program Services			Supporting Services		
	Community Development Initiatives	Advocacy	Total Program Services	Fundraising	Administration	Total Expenses
Salaries and wages	$ 245,784	$ 253,323	$ 499,107	$ 196,448	$ 80,883	$ 776,438
Payroll taxes	4,700	7,301	12,001	5,223	4,111	21,335
Benefits	53,677	78,517	132,194	63,368	22,899	218,461
Other personnel	1,862	2,648	4,510	1,624	3,757	9,891
Professional fees	6,509	7,871	14,380	5,794	19,156	39,330
Advertsing and promotion	9	34,050	34,059	462,008	9	496,076
Office supplies and printing	21,941	123,018	144,959	108,693	18,621	272,273
Information technology	22,564	36,938	59,502	26,475	16,620	102,597
Occupancy	14,626	21,061	35,687	11,700	11,115	58,502
Travel	3,119	16,949	20,068	15,275	4,177	39,520
Conferences, conventions and meetings	732	2,729	3,461	1,575	1,411	6,447
Interest	407	586	993	326	982	2,301
Depreciation and amortization	12,052	20,457	32,509	29,028	924	62,461
Insurance	636	915	1,551	508	485	2,544
Resource development	3,263	18,698	21,961	13,646	1,326	36,933
Equipment and maintenance	1,109	1,864	2,973	1,002	1,123	5,098
Field support	254,973	-	254,973	-	-	254,973
Field operations	627,612	-	627,612	-	-	627,612
Community development projects	386,523	-	386,523	-	-	386,523
Site visits and mission trips	-	45,148	45,148	500	-	45,648
Calendar	-	32,006	32,006	-	-	32,006
Event coordinator	-	3,648	3,648	-	-	3,648
Credit card fees	1,685	2,427	4,112	1,348	22,320	27,780
Cost of goods sold	-	-	-	-	7,082	7,082
Total	$ 1,663,783	$ 710,154	$ 2,373,937	$ 944,541	$ 217,001	$ 3,535,479

See notes to financial statements.

Outreach International

Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Changes in net assets	$ 874,485	$ 49,361
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Cash provided by operating activities:		
Depreciation	2,274	15,707
Amortization	46,754	46,754
Unrealized gain on investments	(4,660)	-
Effects of changes in operating assets and liabilities:		
Prepaid expenses and other assets	9,893	(1,202)
Provision for loss on beneficial interest	239,996	-
Accounts payable	(24,329)	45,677
Accrued expenses, termination benefits, deferred compensation and other liabilities	(12,390)	35,337
Net cash provided by operating activities	1,132,023	191,634
Cash flows from investing activities:		
Purchase of investments	(1,564,036)	(79,447)
Proceeds from sale of investments	368,574	13,916
Net cash used in investing activities	(1,195,462)	(65,531)
Cash flows from financing activities:		
Proceeds from line of credit	50,000	50,000
Payments on line of credit	(50,000)	(100,000)
Net cash used in financing activities	-	(50,000)
Net increase (decrease) in cash and cash equivalents	(63,439)	76,103
Cash and cash equivalents, beginning of year	131,942	55,839
Cash and cash equivalents, end of year	$ 68,503	$ 131,942
Supplemental disclosure of cash flow information:		
Interest paid	$ 412	$ 2,301

See notes to financial statements.

Note 1. Summary Significant Accounting Policies

Nature of operations: Outreach International (the Organization) is a not-for-profit organization incorporated in the State of Missouri in 1979. Outreach International operates out of offices in Missouri and Texas, and has a foreign presence in many countries in the following areas of the world: Asia, Africa, the Caribbean, Haiti, and Central, South and North America. Since 1979, Outreach International has been working with the world's poor to help them build a better life. The mission of the Organization is to create sustainable good and is twofold:

- To help people overcome the devastating effects of poverty and develop the capacity to create a new future for themselves and their communities;
- To provide responsible ways for people with charitable hearts to help the poor to a better life.

The primary programs and activities of Outreach International include:

Community development initiatives: Community development initiatives benefit thousands of children, men and women in poor communities. These initiatives fall into four broad areas: Thriving Children; Building Community; Empowering Families; Nurturing the Environment. Programs in these areas cover a multitude of issues, and include child survival, literacy, basic education, sanitation, microenterprise, housing, community governance, nutrition, sustainable agriculture and environmental concerns.

Every program is designed to build the capacity of the people involved. The Organization's experience has taught it that the best way to bring sustainable change among the poor is to build their ability to help themselves. The Organization does this through a process called Participatory Human Development. This grass roots development approach enables communities to act on issues of shared concern and to build accountability and transparency through the involvement of the marginalized poor.

Advocacy and development education: As part of the Organization's mission, it works to engage the public in issues of poverty awareness, eradication, and understanding the inter-relatedness of the global community.

The Organization is accountable to the communities it serves and to its donors. The Organization seeks to encourage lateral relationships, where families in poor communities become teachers, and donors and supporters become learners of the poor. Communication programs with donors enable an exchange of information to support these objectives. The Organization knows from experience that donors who participate in communication programs with communities they serve develop a deeper understanding of the interconnectedness and mutual responsibilities of the global community.

The Organization has pioneered an effective and sustainable approach to building lateral relationships. Reports, updates, stories and other communications are shared through a variety of personalized and public sources, and through various media.

The Organization engages youth and young adults in education and advocacy programs around issues affecting children and communities in the developing world. The Organization seeks to stimulate and enhance the public's understanding of the global conditions and mutual responsibility of all. Web-based initiatives, blogs, youth advocacy programs, educational resources, and young adult events and clubs at universities and in churches are part of this initiative.

Note 1. Summary of Significant Accounting Policies (Continued)

Through publications, web sites, multi-media, conference presentations, public addresses and classes, the Organization will continue to reach out to various publics. The Organization's experience shows that as people deepen their understanding of the global conditions and how they can act to help the poor, they will act. The Organization's task is both to bring the conditions to light, and to offer a way for people to act with purpose and for sustainable results.

Use of estimates in preparing financial statements: 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates incorporated into the Organization's financial statements include the fair market value of the Organization's interest in certain mineral rights, the timing and discounts for wills and trusts, useful lives of depreciable and amortizable assets, the fair value of certain gifts in kind, and the allocations incorporated into the functional allocations. Actual results could differ from those estimates.

Net assets: Financial statement presentation follows the recommendations of Financial Accounting Standards Board's *FASB Accounting Standards Codification* (ASC) 958, Financial Statements of Not-for-profit Organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted: Unrestricted net assets include all net assets which are neither temporarily nor permanently restricted.

Unrestricted, board designated: Unrestricted, board designated net assets include all net assets which are designated by the Board for the Organization's mission in specific countries.

Temporarily restricted: Temporarily restricted net assets include contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted. At September 30, 2015 and 2014, temporarily restricted net assets were purpose restricted by donors to a particular geographic region for direct program or mission expenses.

Permanently restricted: Permanently restricted net assets include contributed net assets which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions.

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received or promised. Conditional contributions are recorded when the donor's conditions are met.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support and increase those net asset classes. When a donor-restriction expires, that is, when a stipulated time restriction ends or purposes restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: Cash and cash equivalents consist of readily liquid accounts that are available for current operations with initial maturities of three months or less.

Investments: Investments are recorded at fair value. Fair value of pooled investments is determined by quoted market prices of the underlying investments. Fair value of mutual funds is determined by quoted market prices or the value of the underlying assets within the fund. Fair value of alternative investments is estimated using net asset value per share. See Note 2 for a discussion of fair value measurements.

Income tax status: The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue code and has been determined not to be a private foundation.

Uncertain tax provisions, if any, are recorded in accordance with ASC 740, Income Taxes, which requires the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by taxing authorities. There is no liability for uncertain tax positions recorded at September 30, 2015 and 2014.

Equipment and intangible assets: Purchased equipment is valued at historical cost. The Organization follows a policy that only items costing greater than $1,000 are capitalized. Contributed items are valued at their estimated fair market value at the date of gift. Depreciation is calculated by the straight-line method over the estimated useful lives of the equipment, which are generally three to five years.

Intangible assets consist of branding and advertising materials that have an extended useful life. These items are carried at their historical cost. Intangible assets are amortized over their estimated useful life of three to ten years.

Impairment of long-lived assets: The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Bequests: The Organization records all bequests when the bequest is deemed unconditional. Bequests reported in the financial statements represent land held for future sale for which no sales contract in currently in place. It was recorded at the appraised value on the date of the gift and is measured at the lower of carrying amount, less estimated cost to sell or fair market value.

Gifts-in-kind: The Organization records in-kind support for contributed services if these services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by an individual possessing those skills, and would typically need to be purchased if not provided by donation. Such support could be used in the program activities of Outreach International as well as in fundraising and administrative activities. The value of services meeting these requirements, to the extent measurable, is reflected in the accompanying financial statements. Outreach International receives a substantial amount of support from non-professional volunteers that do not meet the criteria listed above. Nonprofessional volunteers donate services for fundraising, education and administration that are not valued or recorded in the financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses: The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to formulas developed by management to appropriately reflect actual costs and efforts expended on each program or supporting service.

Fundraising costs: The Organization expenses fundraising costs as incurred.

Note 2. Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board's *FASB Accounting Standards Codification* (ASC), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the topic establishes fair value hierarchy for valuation inputs, that gives the highest priority to 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 under the topic are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2: Inputs to the valuation methodology include:

- 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 of 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 market value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures based on various factors. It is possible that an asset or liability may be classified differently from year to year. However, the Organization expects that changes between the different levels will be rare.

Note 2. Fair Value of Financial Instruments (Continued)

Assets recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets on a recurring basis is set forth below.

Investments: *S*ecurities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within levels 1, 2 and 3 of the valuation hierarchy, as appropriate.

Pooled investments (Pool A and Pool B): Value calculated based on the fair value underlying portfolio of securities. Pools are invested in cash equivalents, equity securities, fixed income securities and fund of funds.

Flexible premium variable annuity: Value is calculated based on the fair value of the underlying investments.

Okiocredit capital shares: Value calculated based on the underlying portfolio of non-exchangeable registered depository receipts for shares in the capital of Okiocredit.

Mineral rights: The fair value measurements for mineral rights are calculated using an industry standard formula based upon the average of the past three year's royalty income times a factor of ten. The factor was obtained from an applicable regional oil and mineral association. The fair value of the mineral rights is classified as level 3 within the valuation hierarchy.

The following table summarizes assets and liabilities measured on a recurring basis, as of September 30, 2015 and 2014 segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	September 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments				
Pooled Investments				
Pool A	$ -	$ -	$ 408,079	$ 408,079
Pool B	-	-	11,665	11,665
Mutual funds				
Flexible premium variable annuity	28,302	-	-	28,302
Other				
Mineral rights	-	-	38,483	38,483
Alternative investment				
Oikocredit capital shares	-	-	34,256	34,256
Total Investments	$ 28,302	$ -	$ 492,483	$ 520,785
Bequests - wills and trusts	$ -	$ -	$ 1,150,000	$ 1,150,000

Note 2. Fair Value of Financial Instruments (Continued)

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments				
Pooled Investments				
Pool A	$ -	$ -	$ 610,590	610,590
Pool B	-	-	988,878	988,878
Mutual funds				
Flexible premium variable annuity	32,669	-	-	32,669
Vanguard investment	15,352	-	-	15,352
Other				
Mineral rights	-	-	38,483	38,483
Alternative investment				
Oikocredit capital shares	-	-	34,935	34,935
Total Investments	$ 48,021	$ -	$ 1,672,886	$ 1,720,907
Bequests - wills and trusts	$ -	$ -	$ 1,389,996	$ 1,389,996

Investment pools have commitment and redemption provisions at September 30, 2015 and 2014 as follows:

	2015 Fair Value	2014 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Pool A	$ 610,590	$ 408,079	$ -	No restrictions	None
Pool B	988,878	11,665	-	No restrictions	None
	$ 1,599,468	$ 419,744	$ -		

The following is a reconciliation of the beginning and ending balance of assets and liabilities, measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the year ended September 30, 2015 and 2014.

	Investments and Cash Fund	Mineral Rights	Total
Balance, September 30, 2013	$ 421,225	$ 38,483	$ 459,708
Withdrawals	(13,916)	-	(13,916)
Changes in fair market value	46,691	-	46,691
Balance, September 30, 2014	454,000	38,483	492,483
Contributions	1,550,464	-	1,550,464
Withdrawals	(376,130)	-	(376,130)
Changes in fair market value	6,069	-	6,069
Balance, September 30, 2015	$ 1,634,403	$ 38,483	$ 1,672,886

Note 3. Cash and Investments

Cash and investments at September 30 are as follows:

	2015	2014
Cash in bank—at cost	$ 68,503	$ 131,942
Pool A	610,590	408,079
Pool B	988,878	11,665
Flexible premium variable annuity	32,669	28,302
Vanguard investment	15,352	-
Oikocredit capital shares	34,935	34,256
	1,682,424	482,302
Total cash and investments	$ 1,750,927	$ 614,244

The Oikocredit capital shares are maintained in U.S. dollars and are not subject to translation risks.

The following schedule summarizes the investment return for the years ended September 30, 2015 and 2014:

	2015	2014
Royalties on mineral rights	$ 2,768	$ 5,104
Unrealized gain	4,660	-
Interest	953	46,703
Net investment gains	$ 8,381	$ 51,807

Note 4. Line of Credit

As of September 30, 2014, the Organization had a $300,000 revolving line-of-credit available from Bank of America. The line matured on February 28, 2015 and was not renewed. The balance was $0 at both September 30, 2015 and 2014.

Note 5. Bequests Receivable—Wills and Trusts

The Organization has been notified that it is the designated beneficiary of a number of wills and trusts. In most cases, the beneficiary designation is revocable by the donor, and accordingly the gifts are not recognized within the Organization’s financial statements due to their conditional nature. The gifts are recognized, and an asset is recorded, when they become irrevocable.

The Organization’s interest in one bequest has become irrevocable and was recognized as revenue in a previous year. The underlying value of the bequest is in real estate located in the Cayman Islands. Management, in conjunction with the executors of the bequest, has assessed the value of these properties based upon real estate value and marketability assumptions that it believes to be realistic relative to local conditions. However, it is reasonably possible that, in the foreseeable future, management’s assessment could change resulting in a material adjustment in the timing and carrying value of the bequest. The bequest is being carried at $1,150,000 and $1,389,996 at September 30, 2015 and 2014, respectively.

Note 6. Lease Commitments

The Organization leased office space under a long-term lease that expired on March 31, 2015 and was not renewed. The Organization continues leasing the space month to month. During both years ended September 30, 2015 and 2014, rental expense was $58,502.

Note 7. Permanently Restricted Net Assets

In June 1983 an Endowment Fund was established as a permanently restricted fund to support the Organization's program services. The money is invested within a Community of Christ investment account. Permanently restricted endowment funds totaled $306,803 at September 30, 2015 and 2014, respectively.

Note 8. Endowments

As required by generally accepted accounting principles, net assets associated with endowment funds, including any funds designated by the Board 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 the Organization has interpreted Missouri's enactment of 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. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund, not classified as permanently restricted, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of 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
7. The investment policies of the Organization

Note 8. Endowments (Continued)

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S & P index, while assuming a moderate level of investment risk.

Spending policy: The Organization has a policy of appropriating for distribution each year 5 percent of its endowment fund's average balance over the prior four years preceding the fiscal year in which the distribution is planned. Because this amount is calculated for the next fiscal year, any amount appropriated for the following fiscal years is added to temporarily restricted net assets in the current year.

In establishing this policy, the Organization considers the greater predictability of spendable income for budgeting purposes and for gradual, steady growth of invested assets for the support of operations. Accordingly, over the long term, the Organization expects the current spending policy will allow its endowment to retain the original corpus of the gift.

Strategies employed for achieving objectives: The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

Changes in endowment net assets for the fiscal year ended September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 51,555	$ 306,803	$ 358,358
Investment return:				
Investment income (loss)	(12,184)	-	-	(12,184)
Contribution	231,050	-	-	231,050
Appropriation of endowment assets for expenditure	-	(16,246)	-	(16,246)
Net assets, end of year	$ 218,866	$ 35,309	$ 306,803	$ 560,978

Changes in endowment net assets for the fiscal year ended September 30, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ -	$ 25,037	$ 305,353	$ 330,390
Investment return:				
Investment income	-	40,434	-	40,434
Contribution	-	-	1,450	1,450
Appropriation of endowment assets for expenditure	-	(13,916)	-	(13,916)
Net assets, end of year	$ -	$ 51,555	$ 306,803	$ 358,358

Note 9. Employee Benefit Plans

Outreach International has adopted a simplified employee pension plan. The Plan is employer-funded with an amount equal to 13 percent of an employee's gross wages being contributed to the Plan. All full-time, and some part-time, U.S. employees of Outreach International are eligible to participate in the Plan. The Organization contributed $72,949 and $90,999 to the Plan for the years ended September 30, 2015 and 2014, respectively.

The Organization adopted a nonqualified deferred compensation plan for certain key employees during 2009. Under this plan, participants may elect to defer earnings per sections 457(3)(15) of the Internal Revenue Code. The deferred compensation of the participant is held in a trust and administered by an outside entity. The participants are fully vested in the program and have balances of $32,659 and $41,448 at September 30, 2015 and 2014, respectively.

Note 10. Foreign Currency Translation

Grants made to foreign organizations are stated in U.S. dollars, and the grantee assumes the risk of currency gains or losses. Gains must be used for the grant purpose.

Due to the extensive foreign travel required of Organization employees, some minor risk exists throughout the year related to translation gains and losses. Management does not believe that any such risks have the potential to be significant to the financial statements.

Note 11. Related Party

Outreach International was originally formed as an affiliate of the Community of Christ World Church (the Church, formerly known as the Reorganized Church of Jesus Christ of Latter Day Saints). In May 1988, Outreach International received Internal Revenue Service approval to be recognized as a separate 501(c)(3) tax-exempt entity. Outreach International continues to have significant ties to the Church. Grants from the Church for the years ended September 30, 2015 and 2014 totaled $266,352 and $258,796, respectively. Outreach International participates in and reimburses the Church for various insurance coverages, and also participates in pooled cash investment funds that are maintained by the Church. During the years ended September 30, 2015 and 2014, the Organization paid the Church $200,173 and $259,424, respectively, for insurance, payroll, and payroll related expenses. Outreach International also had accounts payable to the Church for payroll expenses, termination benefits and insurance coverage which totaled $7,111 and $33,386 as of September 30, 2015 and 2014, respectively.

Note 12. Subsequent Events

In December 2015, the Organization received a $1,000,000 unrestricted contribution.

Management evaluated subsequent events through March 3, 2016, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2015, but prior to March 3, 2016 that provided additional evidence about conditions that existed at September 30, 2015, have been recognized in the financial statements for the year ended September 30, 2015.

Note 13. Reclassifications

Certain reclassifications of prior year's amounts have been made to conform to the presentation adopted for 2015. These reclassifications had no effect on previously reported net assets or changes in net assets.

Supplementary Information

Outreach International

Schedules of Overhead Percentage
Years Ended September 30, 2015 and 2014

	2015	Percent of Total	2014	Percent of Total
Fundraising expenses	$ 383,192		$ 944,541	
Less: Income restricted for fundraising	31,430		461,996	
Net fundraising expenses	351,762	13%	482,545	16%
Administrative expenses	218,093		217,001	
Less: Income restricted for administration	79,788		58,300	
Net adminstrative expenses	138,305	5%	158,701	5%
Net nonprogram overhead expenses	$ 490,067	18%	$ 641,246	21%
Total expenses	$ 2,904,028		$ 3,535,479	
Less: Restricted income above	111,218		520,296	
Net expenses	$ 2,792,810	100%	$ 3,015,183	100%

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