

**One Child Matters**  
**a Division of Bethesda Ministries**

Independent Auditor's Report and Financial Statements

September 30, 2014 and 2013

**One Child Matters**  
**a Division of Bethesda Ministries**  
September 30, 2014 and 2013

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## Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors  
One Child Matters  
a Division of Bethesda Ministries  
Colorado Springs, Colorado

We have audited the accompanying financial statements of One Child Matters, a division of Bethesda Ministries, which comprise the statement of financial position as of September 30, 2014, and the related statements of activities 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 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.

Board of Directors  
One Child Matters  
a Division of Bethesda Ministries

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 One Child Matters as of September 30, 2014, 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 September 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit of the financial statements was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, including the schedule of functional expenses, listed in the table of contents 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.

*BKD, LLP*

Colorado Springs, Colorado  
December 19, 2014

**One Child Matters  
a Division of Bethesda Ministries**

**Statements of Financial Position**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

**Assets**

	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	\$ 1,035,058	\$ 665,716
Receivables	83,910	124,292
Investments	1,073,012	1,313,051
Furniture, equipment and software, net	909,254	1,143,235
Other assets	114,745	79,952
Total assets	<b>\$ 3,215,979</b>	<b>\$ 3,326,246</b>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable		
Related parties	\$ 104	\$ 69,300
Other	59,138	179,337
Accrued liabilities	302,479	298,264
Total liabilities	361,721	546,901

**Net Assets**

Unrestricted	1,210,148	1,547,299
Temporarily restricted	1,628,435	1,216,371
Permanently restricted	15,675	15,675
Total net assets	2,854,258	2,779,345
Total liabilities and net assets	<b>\$ 3,215,979</b>	<b>\$ 3,326,246</b>

**One Child Matters  
a Division of Bethesda Ministries**

**Statements of Activities**

**Year Ended September 30, 2014**

**(With Summarized Financial Information for the Year Ended September 30, 2013)**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>2014 Total</b>	<b>2013 Total</b>
<b>Revenues, Gains and Other Support</b>					
Contributions					
General	\$ 2,645,494	\$ 11,621,727	\$ -	\$ 14,267,221	\$ 13,469,383
Bethesda affiliates	-	36,188	-	36,188	10,197
Special events, net of direct expenses	23,478	-	-	23,478	-
Interest and dividends	35,285	-	-	35,285	55,252
Realized and unrealized gains (losses) on investments, net	10,687	-	-	10,687	(26,739)
Other revenue	279	-	-	279	-
Satisfaction of program restrictions	11,245,851	(11,245,851)	-	-	-
Total revenues, gains and other support	<u>13,961,074</u>	<u>412,064</u>	<u>-</u>	<u>14,373,138</u>	<u>13,508,093</u>
<b>Expenses</b>					
Program services					
Child ministries	10,513,526	-	-	10,513,526	10,361,034
Humanitarian and relief	146,010	-	-	146,010	38,327
Medical Mercy	315,581	-	-	315,581	324,550
Higher education and vocational training	24,070	-	-	24,070	15,812
Teaching/advocacy ministries	153,801	-	-	153,801	233,355
Mission trips	411,272	-	-	411,272	493,511
Total program services	<u>11,564,260</u>	<u>-</u>	<u>-</u>	<u>11,564,260</u>	<u>11,466,589</u>
Supporting services					
General and administrative	1,587,374	-	-	1,587,374	1,579,423
Promotion and development	1,796,591	-	-	1,796,591	1,400,645
Less supporting services subsidized by Bethesda Ministries	(650,000)	-	-	(650,000)	(410,000)
Total supporting services	<u>2,733,965</u>	<u>-</u>	<u>-</u>	<u>2,733,965</u>	<u>2,570,068</u>
Total expenses	<u>14,298,225</u>	<u>-</u>	<u>-</u>	<u>14,298,225</u>	<u>14,036,657</u>
<b>Change in Net Assets</b>	(337,151)	412,064	-	74,913	(528,564)
<b>Net Assets, Beginning of Year</b>	<u>1,547,299</u>	<u>1,216,371</u>	<u>15,675</u>	<u>2,779,345</u>	<u>3,307,909</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,210,148</u>	<u>\$ 1,628,435</u>	<u>\$ 15,675</u>	<u>\$ 2,854,258</u>	<u>\$ 2,779,345</u>

**One Child Matters  
a Division of Bethesda Ministries**

**Statements of Cash Flows**

**Year Ended September 30, 2014**

**(With Summarized Financial Information for the Year Ended September 30, 2013)**

	<u>2014</u>	<u>2013</u>
<b>Operating Activities</b>		
Change in net assets	\$ 74,913	\$ (528,564)
Items not requiring cash		
Depreciation and amortization	365,324	333,074
Realized and unrealized losses (gains) on investments, net	(10,687)	26,739
Changes in		
Receivables	40,382	17,449
Other assets	(13,322)	(23,381)
Related party payables	(69,196)	(6,948)
Other accounts payable	(60,805)	59,047
Accrued liabilities	4,215	37,677
	<u>330,824</u>	<u>(84,907)</u>
Net cash provided by (used in) operating activities		
<b>Investing Activities</b>		
Purchases of investments	(328,754)	(748,859)
Proceeds from sale of investments	579,480	699,098
Purchases of software, equipment and furniture	(212,208)	(356,530)
	<u>38,518</u>	<u>(406,291)</u>
Net cash provided by (used in) investing activities		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	369,342	(491,198)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>665,716</u>	<u>1,156,914</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,035,058</u>	<u>\$ 665,716</u>
<b>Supplemental Cash Flow Information</b>		
Purchase of software, equipment and furniture in accounts payable	<u>\$ -</u>	<u>\$ 59,394</u>

# **One Child Matters a Division of Bethesda Ministries**

## **Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

One Child Matters operates as a division of Bethesda Ministries (Bethesda), a not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. One Child Matters exists to equip children in developing nations to reach their God-given potential by creating opportunities for spiritual, physical, social, mental and emotional development. Outreaches include, but are not limited to, child development centers, elementary, secondary and vocational education, orphanages, medical projects, health care, feeding programs, a home for babies with AIDS and other Christian ministries of compassion.

#### ***Use of 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 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. Actual results could differ from those estimates.

#### ***Cash Equivalents***

One Child Matters considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2014 and 2013, cash equivalents consisted primarily of demand deposits and money market accounts with brokers.

At September 30, 2014, One Child Matters' demand deposit cash accounts exceeded federally insured limits by approximately \$560,000. In addition, there are money market accounts held with brokers that are not covered under the FDIC insurance limit of \$250,000. The total amount of these uninsured brokerage accounts was approximately \$55,000 at September 30, 2014.

#### ***Accounts Receivable***

Accounts receivable balances consist of employee advances for mission trips and amounts to be received under various split-interest agreements.

#### ***Investments***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investments in limited partnerships are carried at their estimated fair value as determined by the partnerships. Other investments are valued at the lower of cost or estimated fair value.



# **One Child Matters a Division of Bethesda Ministries**

## **Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

### ***Furniture, Equipment and Software***

Furniture and equipment are recorded at cost or, if donated, at estimated fair market value at the date of donation. Costs of computer software developed or obtained for internal use are recorded in accordance with Accounting Standards Codification (ASC) Topic 350. Under Topic 350, costs incurred during the preliminary project stage are expensed as incurred, costs incurred during the application development stage are capitalized and training and maintenance costs incurred during the post-implementation/operation stage are expensed as incurred. Depreciation of furniture, equipment and software is provided on the straight-line method at the following rates:

Furniture and equipment	3 - 10 years
Leasehold improvements	10 years
Computers – hardware	3 - 5 years
Computers – software	5 - 7 years
Transportation equipment	3 - 5 years

### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by One Child Matters has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by One Child Matters in perpetuity.

### ***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose 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. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets, unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

# **One Child Matters a Division of Bethesda Ministries**

## **Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

### ***Contributed Services***

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributed services consisted of medical services provided under the Medical Mercy program. Contribution revenues recognized from these services were approximately \$156,000 and \$162,000 for the years ended September 30, 2014 and 2013, respectively.

### ***Special Events***

Contributions received in relation to special events are recognized as revenue when received and the remaining special event revenue and special event direct donor benefit costs are recognized when revenue is earned and the costs are incurred. The costs of direct donor benefits for special events reduce the amount of special event revenue reported in the statements of activities. For the years ended September 30, 2014 and 2013, special event revenue recognized of \$101,115 and \$0, respectively, was offset by costs of direct donor benefits of \$77,637 and \$0, respectively, resulting in net special event revenue of \$23,478 and \$0, respectively.

### ***Contributions to Foreign Operations***

Contributions to foreign operations are considered to be expenses when One Child Matters commits to disburse funds to the overseas projects.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, general and administrative, and promotion and development categories based on the actual expense purpose.

### ***Income Taxes***

One Child Matters, as a division of Bethesda, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, One Child Matters is subject to federal income tax on any unrelated business taxable income. There was no unrelated business taxable income during the years ended September 30, 2014 and 2013.

One Child Matters files tax returns in the U.S. federal jurisdiction. With a few exceptions, One Child Matters is no longer subject to U.S. federal examinations by tax authorities for fiscal years before 2011.

**One Child Matters  
a Division of Bethesda Ministries**

**Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

***Summarized Comparative Information***

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. 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 One Child Matters' financial statements for the year ended September 30, 2013, from which the summarized information was derived.

***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

**Note 2: Investments**

Investments consist of the following as of September 30:

	<b>2014</b>	<b>2013</b>
Common stock	\$ 22,461	\$ -
Mutual funds		
Domestic large-cap equity	2,358	6,430
International large-cap equity	9,510	13,988
Domestic mid-cap equity	1,990	-
Domestic small-cap equity	367	693
Fixed income	844,043	953,657
Emerging market equity	1,071	1,103
Alternative strategy	175,936	256,221
Limited partnerships	15,276	80,959
	<u>\$ 1,073,012</u>	<u>\$ 1,313,051</u>

# One Child Matters a Division of Bethesda Ministries

## Notes to Financial Statements

September 30, 2014

(With Summarized Financial Information for September 30, 2013)

### **Limited Partnerships**

The fair value of the limited partnerships has been estimated using the net asset value per share of the investments. Limited partnership investments held at September 30 consist of the following:

		2014			
		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships (A)	\$	15,276	None	(A)	(A)

  

		2013			
		Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships (A)	\$	80,959	None	(A)	(A)

(A) This category includes investments in funds of hedge funds that invest in other limited partnerships. The other limited partnerships invest principally in equity securities in public and nonpublic companies, across various industries in the United States. These limited partnerships engage in diversified investment strategies utilizing a multi-manager approach to invest in various liquid and illiquid securities.

During 2009, One Child Matters executed a full redemption request with the fund managing 100% of the value of investments in this category. Due to this redemption request as of September 30, 2014:

- These investments reside in special purpose/side pocket arrangements until the funds are redeemed.
- Approximately 92% of these investments have been redeemed. Management expects the majority of the remaining balance to be received in distributions over the next one to two years.

### **Note 3: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

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**Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

***Recurring Measurements***

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2014 and 2013:

	<b>2014</b>			
	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Common stock	\$ 22,461	\$ 22,461	\$ -	\$ -
Mutual funds				
Domestic large-cap equity	2,358	2,358	-	-
International large-cap equity	9,510	9,510	-	-
Domestic mid-cap equity	1,990	1,990	-	-
Domestic small-cap equity	367	367	-	-
Fixed income	844,043	844,043	-	-
Emerging market equity	1,071	1,071	-	-
Alternative strategy	175,936	175,936	-	-
Limited partnerships	15,276	-	-	15,276
	<u>\$ 1,073,012</u>	<u>\$ 1,057,736</u>	<u>\$ -</u>	<u>\$ 15,276</u>

**One Child Matters  
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**Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

	2013				
	Fair Value Measurements Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ -	\$ -	\$ -	\$ -	
Mutual funds					
Domestic large-cap equity	6,430	6,430	-	-	
International large-cap equity	13,988	13,988	-	-	
Domestic small-cap equity	693	693	-	-	
Fixed income	953,657	953,657	-	-	
Emerging market equity	1,103	1,103	-	-	
Alternative strategy	256,221	256,221	-	-	
Limited partnerships	80,959	-	-	80,959	
	\$ 1,313,051	\$ 1,232,092	\$ -	\$ 80,959	

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2014. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Investments***

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include common stock, domestic and international large-cap, domestic small-cap, fixed income, emerging market equity and alternative strategy mutual funds. Other than limited partnerships, One Child Matters currently does not have any Level 2 or Level 3 investments.

# One Child Matters a Division of Bethesda Ministries

## Notes to Financial Statements

September 30, 2014

(With Summarized Financial Information for September 30, 2013)

### **Limited Partnerships**

One Child Matters is invested in limited partnerships which are described in Note 2. As Level 1 and Level 2 inputs are not available, these investments are classified within Level 3 of the hierarchy.

### **Level 3 Reconciliation**

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	<b>Limited Partnerships</b>
Balance, September 30, 2012	\$ 94,765
Total realized and unrealized gains and (losses) included in change in net assets	(315)
Sales	(13,491)
Balance, September 30, 2013	80,959
Total realized and unrealized gains and (losses) included in change in net assets	2,411
Sales	(68,094)
Balance, September 30, 2014	\$ 15,276
Total gains or (losses) for the period included in change in net assets attributable to the change in unrealized gains and (losses) related to assets still held at the reporting date	
Year ended September 30, 2013	\$ (1,078)
Year ended September 30, 2014	\$ 1,772

**One Child Matters  
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**Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

***Unobservable (Level 3) Inputs***

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	<b>Fair Value at September 30, 2014</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Weighted Average)</b>
Alternative investments	\$ 15,276	Net asset value	Lack of redeemability/liquidity in the following 12 months	100% of total fair value of alternative investments
	<b>Fair Value at September 30, 2013</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range (Weighted Average)</b>
Alternative investments	\$ 80,959	Net asset value	Lack of redeemability/liquidity in the following 12 months	100% of total fair value of alternative investments

**Note 4: Furniture and Equipment**

Furniture and equipment at September 30 consists of:

	<b>2014</b>	<b>2013</b>
Furniture and equipment	\$ 330,970	\$ 321,791
Leasehold improvements	257,954	257,954
Computers – hardware	172,431	158,001
Computers – software	2,195,554	2,186,235
Transportation equipment	78,405	78,405
Software and other development-in-progress	109,765	17,502
	3,145,079	3,019,888
Less accumulated depreciation	(2,235,825)	(1,876,653)
	<u>\$ 909,254</u>	<u>\$ 1,143,235</u>



# **One Child Matters a Division of Bethesda Ministries**

## **Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

### **Note 5: Related-party Transactions**

One Child Matters operates as a division of Bethesda. Transactions between One Child Matters and other related entities were as follows:

- During the years ended September 30, 2014 and 2013, Bethesda affiliates gave \$36,188 and \$10,197, respectively, to One Child Matters programs.
- During the years ended September 30, 2014 and 2013, Bethesda subsidized certain overhead costs of One Child Matters in order to reduce the ongoing overhead burden on funds received from donors. Specifically, during the years ended September 30, 2014 and 2013, Bethesda gave \$650,000 and \$410,000, respectively, to One Child Matters to subsidize unrestricted general, administrative and promotional costs. These items were recorded as a decrease in supporting services as donors' funds were not used for these expenses.
- One Child Matters had noninterest bearing payables to Bethesda and entities to which Bethesda is related. The balance of the payables was \$104 and \$69,300, as of September 30, 2014 and 2013, respectively.
- An entity, to which Bethesda is related, charged \$416,135 and \$432,659 for computer, accounting and other services provided to One Child Matters during the years ended September 30, 2014 and 2013, respectively. Bethesda charged One Child Matters \$182,073 and \$170,727 for the rental of office and storage space during the years ended September 30, 2014 and 2013, respectively. The rent is charged on a monthly basis; as such, there is no future operating lease commitment.

**One Child Matters  
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**Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

**Note 6: Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for ministry activities as follows, as of September 30:

	<u>2014</u>	<u>2013</u>
Children's crisis fund	\$ 414,241	\$ 346,445
Child care - various countries	248,817	120,006
Child care - gift fund	210,765	127,274
Kenya	177,985	47,580
Medical Mercy	174,412	180,318
Forgotten Children	86,422	80,275
Disaster relief	77,938	8,427
Dominican Republic	46,768	37,423
Haiti	44,480	31,113
Bangladesh	39,899	56,697
Mission trips	23,213	55,385
India	18,985	15,183
Honduras	12,560	8,575
Swaziland	11,896	24,238
Cambodia	11,072	9,244
Other overseas projects	10,682	20,241
Ethiopia	10,318	38,848
Nepal	5,742	4,053
Calcutta, India	2,240	1,106
Thailand	-	1,828
Feeding program	-	1,317
Egypt	-	660
Romania	-	135
	<u>\$ 1,628,435</u>	<u>\$ 1,216,371</u>

**One Child Matters  
a Division of Bethesda Ministries**

**Notes to Financial Statements**

**September 30, 2014**

**(With Summarized Financial Information for September 30, 2013)**

**Note 7: Permanently Restricted Net Assets**

The balance of the permanently restricted net assets consists of two endowments held in perpetuity, income from which is available to support child sponsorship funding.

**Note 8: Retirement Plan**

Bethesda has established a retirement plan for the benefit of its employees and their beneficiaries under a 403(b) arrangement. The plan covers all eligible One Child Matters employees and their beneficiaries. Employees are eligible for employer contributions after one year of service and attainment of age 21. For the years ended September 30, 2014 and 2013, the employer matched employee contributions up to 3% of employee contributions. Additional amounts are contributed at the discretion of the Board of Directors, generally 1% of contributions not to exceed 3% of employee contributions. The employer contributions vest to the employee at the rate of 20% per completed year of service and reach 100% when five years of service are completed; unvested amounts are returned to the employer after an employee terminates. Contributions under the plan for the years ended September 30, 2014 and 2013 were \$64,380 and \$63,900, respectively.

## **Supplementary Information**

**One Child Matters**  
**a Division of Bethesda Ministries**  
**Schedule of Functional Expenses**  
**Year Ended September 30, 2014**

	Program Services						Supporting Services			Total Expenses	
	Child Ministries	Humanitarian and Relief	Medical Mercy	Higher Education and Vocational Training	Teaching/ Advocacy Ministries	Mission Trips	Total	General and Administrative	Promotion and Development		Total
Direct payments and assistance to ministries	\$ 7,304,110	\$ 146,010	\$ 182,433	\$ 24,070	\$ -	\$ 5,400	\$ 7,662,023	\$ 1,659	\$ -	\$ 1,659	\$ 7,663,682
Salaries and labor	1,578,872	-	66,250	-	106,814	-	1,751,936	489,190	705,875	1,195,065	2,947,001
Payroll taxes	73,881	-	-	-	5,668	-	79,549	29,668	45,587	75,255	154,804
Benefits	196,678	-	-	-	10,131	-	206,809	68,732	78,122	146,854	353,663
Travel and entertainment	207,278	-	30,544	-	23,945	372,517	634,284	28,349	336,766	365,115	999,399
Informational materials	2,164	-	-	-	-	-	2,164	72,249	5,466	77,715	79,879
Printing and publications	11,879	-	-	-	-	-	11,879	-	21,296	21,296	33,175
Conference and education	14,119	-	-	-	-	-	14,119	2,001	1,575	3,576	17,695
Promotion and advertising	6,854	-	-	-	44	-	6,898	500	93,113	93,613	100,511
Computer services	285,529	-	217	-	-	-	285,746	111,758	40,999	152,757	438,503
Telephone	39,433	-	-	-	2,445	947	42,825	23,588	9,217	32,805	75,630
Postage	186,924	-	620	-	4,859	802	193,205	131,066	28,182	159,248	352,453
Supplies and materials	133,022	-	33,891	-	(105)	20,501	187,309	22,803	94,742	117,545	304,854
Building rent and maintenance	111,557	-	-	-	-	-	111,557	50,450	49,873	100,323	211,880
Depreciation and amortization	156,248	-	130	-	-	-	156,378	135,512	73,434	208,946	365,324
Insurance	4,026	-	-	-	-	-	4,026	17,451	1,702	19,153	23,179
Professional and other fees	186,040	-	1,496	-	-	10,867	198,403	37,503	207,245	244,748	443,151
Legal	6,912	-	-	-	-	-	6,912	846	-	846	7,758
Finance and accounting	4,120	-	-	-	-	-	4,120	175,927	-	175,927	180,047
Bank fees	3,350	-	-	-	-	238	3,588	191,432	52	191,484	195,072
Other	530	-	-	-	-	-	530	(3,310)	3,345	35	565
	<u>10,513,526</u>	<u>146,010</u>	<u>315,581</u>	<u>24,070</u>	<u>153,801</u>	<u>411,272</u>	<u>11,564,260</u>	<u>1,587,374</u>	<u>1,796,591</u>	<u>3,383,965</u>	<u>14,948,225</u>
Less Bethesda subsidy	-	-	-	-	-	-	-	(304,908)	(345,092)	(650,000)	(650,000)
	<u>\$ 10,513,526</u>	<u>\$ 146,010</u>	<u>\$ 315,581</u>	<u>\$ 24,070</u>	<u>\$ 153,801</u>	<u>\$ 411,272</u>	<u>\$ 11,564,260</u>	<u>\$ 1,282,466</u>	<u>\$ 1,451,499</u>	<u>\$ 2,733,965</u>	<u>\$ 14,298,225</u>

**One Child Matters**  
**a Division of Bethesda Ministries**  
**Schedule of Functional Expenses**  
**Year Ended September 30, 2013**

	Program Services						Supporting Services			Total Expenses	
	Child Ministries	Humanitarian and Relief	Medical Mercy	Higher Education and Vocational Training	Teaching/ Advocacy Ministries	Mission Trips	Total	General and Administrative	Promotion and Development		Total
Direct payments and assistance to ministries	\$ 7,563,647	\$ 38,327	\$ 186,297	\$ 15,812	\$ -	\$ -	\$ 7,804,083	\$ -	\$ -	\$ -	\$ 7,804,083
Salaries and labor	1,350,399	-	71,000	-	172,668	-	1,594,067	423,751	562,933	986,684	2,580,751
Payroll taxes	71,872	-	-	-	6,355	-	78,227	26,284	41,891	68,175	146,402
Benefits	179,867	-	-	-	11,304	-	191,171	72,486	70,020	142,506	333,677
Travel and entertainment	174,838	-	43,325	-	33,169	406,475	657,807	42,527	121,899	164,426	822,233
Informational materials	450	-	-	-	-	-	450	82,467	5,453	87,920	88,370
Printing and publications	16,274	-	-	-	-	-	16,274	7,074	42,396	49,470	65,744
Conference and education	29,337	-	-	-	46	-	29,383	1,074	243	1,317	30,700
Promotion and advertising	3,740	-	-	-	523	-	4,263	-	148,212	148,212	152,475
Computer services	207,171	-	-	-	-	-	207,171	87,360	14,954	102,314	309,485
Telephone	37,587	-	-	-	3,739	827	42,153	15,792	6,492	22,284	64,437
Postage	152,596	-	1,919	-	4,819	405	159,739	135,269	29,994	165,263	325,002
Supplies and materials	103,964	-	21,056	-	716	63,216	188,952	64,270	41,604	105,874	294,826
Building rent and maintenance	114,211	-	-	-	(174)	-	114,037	43,280	47,288	90,568	204,605
Depreciation and amortization	134,760	-	-	-	-	-	134,760	139,519	58,795	198,314	333,074
General taxes	(64)	-	-	-	-	-	(64)	678	-	678	614
Insurance	3,949	-	-	-	-	-	3,949	12,386	1,553	13,939	17,888
Professional and other fees	185,704	-	-	-	190	21,409	207,303	23,788	200,396	224,184	431,487
Legal	22,743	-	-	-	-	-	22,743	7,317	-	7,317	30,060
Finance and accounting	4,900	-	-	-	-	-	4,900	200,243	505	200,748	205,648
Bank fees	2,568	-	-	-	-	643	3,211	180,790	-	180,790	184,001
Other	521	-	953	-	-	536	2,010	13,068	6,017	19,085	21,095
	<u>10,361,034</u>	<u>38,327</u>	<u>324,550</u>	<u>15,812</u>	<u>233,355</u>	<u>493,511</u>	<u>11,466,589</u>	<u>1,579,423</u>	<u>1,400,645</u>	<u>2,980,068</u>	<u>14,446,657</u>
Less Bethesda subsidy	-	-	-	-	-	-	-	(221,815)	(188,185)	(410,000)	(410,000)
	<u>\$ 10,361,034</u>	<u>\$ 38,327</u>	<u>\$ 324,550</u>	<u>\$ 15,812</u>	<u>\$ 233,355</u>	<u>\$ 493,511</u>	<u>\$ 11,466,589</u>	<u>\$ 1,357,608</u>	<u>\$ 1,212,460</u>	<u>\$ 2,570,068</u>	<u>\$ 14,036,657</u>