JEWS FOR JESUS

FINANCIAL STATEMENTS

Year Ended December 31, 2014

JEWS FOR JESUS

Table of Contents

Independent Auditors' Report

To the Board of Directors of
Jews for Jesus

We have audited the accompanying financial statements of Jews for Jesus, which comprise the statement of financial position as of December 31, 2014, and the related statement 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.

Auditors' 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jews for Jesus as of December 31, 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.

Other Matters

Information for the year ended December 31, 2013, is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated June 6, 2014 was expressed.

Eckhoff and Company

San Rafael, California
May 27, 2015

JEWS FOR JESUS

Statement of Financial Position
December 31, 2014
(With Comparative Amounts for 2013)

Assets

	2014	2013
Assets:		
Cash	$ 3,750,625	$ 3,391,098
Gift annuity cash	1,249,079	127,921
Marketable securities	7,575,962	10,480,261
Inventories	399,830	325,920
Prepaid expenses	12,000	29,591
Deposits - operating	4,100	4,100
Notes receivable	60,943	65,154
Bequests receivable	37,691	30,000
Other investments	263,500	263,500
Gift annuity investments	105,398	1,487,594
Property and equipment, net	7,679,223	8,320,577
Total Assets	$ 21,138,351	$ 24,525,716

Liabilities and Net Assets

	2014	2013
Liabilities:		
Accounts payable and accrued expenses	$ 614,696	$ 687,229
Margin loan	1,029,313	1,320,434
Capital lease obligations	51,564	108,682
Deferred compensation obligations:		
Key employees	191,805	116,348
New York staff	79,652	98,621
Retirement plan - foreign affiliates	395,835	542,914
Gift annuity obligations	1,437,693	1,418,794
Total Liabilities	3,800,558	4,293,022
Net Assets:		
Unrestricted:		
Undesignated and designated	9,109,709	10,860,124
Property and equipment	7,679,223	8,320,577
	16,788,932	19,180,701
Temporarily restricted	548,860	1,051,992
Total Net Assets	17,337,793	20,232,694
Total Liabilities and Net Assets	$ 21,138,351	$ 24,525,716

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

JEWS FOR JESUS

Statement of Activities
Year Ended December 31, 2014
(With Summarized Financial Information for 2013)

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
Support and Revenue:				
Support:				
Individual support	$ 17,398,773	$ 296,277	$ 17,695,050	$ 17,727,479
Congregational support	1,128,692	-	1,128,692	1,016,597
Congregational offerings	901,980	-	901,980	843,893
Foundation grants	151,000	-	151,000	291,310
Total Support	19,580,445	296,277	19,876,722	19,879,279
Revenue, gains, and other support:				
Merchandise sales	437,746	-	437,746	388,659
Event registration	146,982	-	146,982	163,062
Other	778,533	-	778,533	594,663
Changes in gift annuity obligations	-	(43,396)	(43,396)	(38,720)
Total Revenue, Gains and Other Support	1,363,261	(43,396)	1,319,865	1,107,664
Net Assets Released From Restrictions	5,623	(5,623)	-	-
Total Support and Revenue	20,949,329	247,258	21,196,587	20,986,943
Expenses:				
Program activities:				
Evangelism and other direct activities	17,306,034	-	17,306,034	16,457,896
Supporting activities:				
General administration	2,593,777	-	2,593,777	2,690,583
Fund raising	1,641,060	-	1,641,060	1,757,580
	4,234,837	-	4,234,837	4,448,163
Total Expenses	21,540,871	-	21,540,871	20,906,059
Change in Net Assets Before Gain (Loss) From Investments	(591,542)	247,258	(344,284)	80,884
Net gain (loss) from investments	(2,326,198)	(224,419)	(2,550,617)	1,548,876
Change in Net Assets	(2,917,740)	22,839	(2,894,901)	1,629,760
Beginning Net Assets, as previously reported	19,180,701	1,051,992	20,232,694	18,602,934
Prior Period Adjustment - Reclassification of Net Assets (Note 16)	525,971	(525,971)	-	-
Beginning Net Assets, as restated	19,706,672	526,021	20,232,693	-
Ending Net Assets	$ 16,788,932	$ 548,860	$ 17,337,793	$ 20,232,694

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

JEWS FOR JESUS

Statement of Cash Flows
Year Ended December 31, 2014
(With Comparative Amounts for 2013)

	2014	2013
Cash Flows From Operating Activities:		
Cash received from donors	$ 19,739,606	$ 19,784,305
Cash from sales and registrations	585,912	551,770
Cash paid to suppliers and employees	(21,152,282)	(20,095,519)
Interest and dividends received	17,399	11,378
Interest paid	(12,280)	(17,532)
Cash received from affiliates	465,071	372,585
Other cash received	311,735	220,093
Net Cash Provided (Used) by Operating Activities	(44,839)	827,080
Cash Flows From Investing Activities:		
Purchases of investments	(45,961,249)	(23,566,387)
Proceeds from sales of investments	47,836,151	13,336,542
Acquisition of property and equipment	(49,327)	(293,820)
Proceeds from sales of property and equipment	1,726	1,987
Collections on notes receivable	4,212	4,521
Net Cash Provided (Used) by Investing Activities	1,831,513	(10,517,157)
Cash Flows From Financing Activities:		
Proceeds (payments) from margin loan	(291,121)	14,846
Proceeds from contributors restricted for gift annuity agreements	208,000	77,836
Payments on capital lease obligations	(57,118)	(57,763)
Payments to annuitants	(159,636)	(160,128)
Restricted trust earnings (losses), net	(6,113)	(2,450)
Net Cash Used by Financing Activities	(305,988)	(127,659)
Net Increase (Decrease) in Cash	1,480,686	(9,817,736)
Cash at Beginning of Year	3,519,018	13,336,754
Cash at End of Year	$ 4,999,704	$ 3,519,018

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

JEWS FOR JESUS

Statement of Cash Flows (Continued)
Year Ended December 31, 2014
(With Comparative Amounts for 2013)

	2014	2013
Reconciliation of Change in Net Assets to Cash Provided (Used) by Operating Activities:		
Change in net assets	$ (2,894,901)	$ 1,629,760
Adjustments to reconcile change in net assets to cash provided by operations:		
Net realized and unrealized investment (gains) losses	2,463,811	(1,587,612)
Restricted trust losses, net	6,115	2,450
In-kind gifts	(52,216)	(47,929)
In-kind gifts capitalized	(4,000)	-
Contributions temporarily restricted for gift annuity agreements	(72,863)	(26,833)
Actuarial adjustment to annuity obligation	(116,240)	(121,408)
Earnings distributed to annuitants	159,636	160,128
Depreciation	694,681	784,536
Gain on sale of property	(1,726)	(1,987)
Payroll deductions applied to principal on notes receivable	-	30
Decrease (increase) in inventory	(73,909)	7,173
Decrease (increase) in prepaid expenses	17,591	(11,647)
Decrease (increase) in bequests receivable	(7,691)	(20,000)
Increase (decrease) in accounts payable and accrued expenses	(72,536)	(104,351)
Increase (decrease) in custodial trusts and retirement plans	(90,591)	164,770
Net Cash Provided (Used) by Operating Activities	$ (44,839)	$ 827,080

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

Note 1 - Operations:

Jews for Jesus (the "Ministry," a California nonprofit corporation) was incorporated under the laws of the State of California on September 17, 1973, as a nonprofit corporation and subsequently received its federal exempt corporation status letter. The Ministry is primarily supported by individual contributions. The Ministry designates this support to mission projects, missionary activities, and general evangelism.

The Ministry preaches the gospel of the Lord Jesus Christ and promotes religious ideals consistent with the Old Testament and the New Testament. The Ministry's mission statement is as follows:

"We exist to make the messiahship of Jesus an unavoidable issue to our Jewish people worldwide."

Additional Jews for Jesus nonprofit corporations or operations have been established in Australia, Brazil, Canada, United Kingdom, France, Germany, Hungary, Israel, Russia, Ukraine, South Africa, and Switzerland. Disbursements, if any, to these entities are included in program activities in the statement of activities (see Note 12).

Note 2 - Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of Jews for Jesus have been prepared using the accrual method of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation:

The Ministry reports 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 net assets include undesignated net assets, designated net assets, and property and equipment net assets. Designated net assets represent amounts designated by the Ministry for specific purposes. These specific purposes vary but are generally for missionary activity. Property and equipment net assets represent the carrying value of property and equipment.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Financial Statement Presentation: (Continued)

The financial statements of the Ministry 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 the Ministry’s financial statements for the year ended December 31, 2013, from which the summarized information was derived. Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

Use of Estimates:

The preparation of the Ministry's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash:

For purposes of the statement of cash flows, cash includes cash in banks and money market mutual fund accounts.

Concentrations of Risk:

In addition to concentrations of risk from marketable securities and notes receivable (which are described by Notes 3 and 4, respectively), the Ministry maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC).

Note 2 - Summary of Significant Accounting Policies: (Continued)

Financial Instruments:

The following methods and significant assumptions were used to estimate the fair values of financial assets and financial liabilities:

a. Assets for which carrying amounts approximate fair values include cash, bequests receivable, and certain other assets that mature within 90 days.

b. For investment securities for which it was practicable to determine fair value, fair value is based either on exchange-traded prices or broker-dealer quotations for the same or similar securities.

c. For accounts payable and accrued expenses, fair value approximates carrying value due to the relatively short period of time between their origination and expected realization.

Fair Value Measurements:

The Ministry has not elected to apply the fair value option of reporting and disclosing the fair value of financial instruments as allowed by the *Financial Instruments* topic of the FASB Accounting Standards Codification (FASB ASC) No. 825-10. However, to the extent that certain assets are reported at fair value, generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and the lowest priority to unobservable inputs [Level 3 measurements]. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Fair Value Measurements: (Continued)

Assets and liabilities that are required to be recorded at fair value in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market the Ministry has the ability to access. As of December 31, 2014, these assets include equity securities and U.S. treasury bills.

Level 2. These are assets and liabilities where values are based on the following inputs:

- 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 which are derived principally from or corroborated by observable market data by correlation or other means.

As of December 31, 2014, these assets include state municipal bonds.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of December 31, 2014, the works of art are considered Level 3 assets.

Inventories:

Inventories are valued at the lower of cost determined by the first-in, first-out method, or market.

Property and Equipment:

Assets are valued at cost, or fair market value if donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Contributions:

Revenue and support received are recorded as unrestricted, temporarily restricted, or permanently restricted support and revenue depending on the existence and/or nature of any donor restrictions. As of December 31, 2014, the Ministry has not received any permanently restricted support.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (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 in the statement of activities as net assets released from restrictions.

Year-end donor contributions are recorded in the month received.

Functional Allocation of Expenses:

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Costs have been allocated among the program and supporting services benefited according to the following criteria:

Evangelism and Other Direct Ministry - Expenses incurred for the performance of evangelistic and other direct ministry outreaches, including costs directly related to branch offices, production of evangelistic literatures, materials, and training of both staff and non-staff personnel for the gospel ministry.

General Administration - Expenses which are not identifiable with program or fund raising activities.

Fund Raising - Expenses incurred to encourage others to contribute to the financial support of Jews for Jesus.

Note 2 - Summary of Significant Accounting Policies: (Continued)

Advertising:

The Ministry expenses advertising costs as incurred. For the years ended December 31, 2014 and 2013, advertising expense was $117,626 and $57,766, respectively.

Shipping and Handling:

Shipping costs are allocated among the various functional expense categories according to the same criteria described above.

Sales Tax:

The Ministry presents sales taxes collected and remitted on a net basis (excluded from revenue). Sales tax collected from customers is classified as an accrued liability until it is remitted to taxing authorities.

Other Matters:

Jews for Jesus is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. In accordance with accounting principles generally accepted in the United States of America, the Ministry accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. The Ministry is exempt from annual exempt organization filing requirements. As of December 31, 2014, the Ministry has made no changes in the purpose, character or method of operations, and therefore there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Note 3 - Investments and Fair Value:

The Ministry's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy. See Note 2 for a discussion of the Ministry's accounting policies.

Description	Total	Level 1	Level 2	Level 3
Assets Measured at Fair Value on a Recurring Basis:				
U.S. Treasury Bills	$ 7,572,849	$ 7,572,849	$ -	$ -
Marketable equity securities	3,113	3,113	-	-
Gift annuity investments	105,398	-	105,398	-
	$ 7,681,360	$ 7,575,962	$ 105,398	$ -
Assets Measured at Fair Value on a Nonrecurring Basis:				
Other investments	$ 263,500	$ -	$ -	$ 263,500

Other investments consist of works of art that were donated in-kind to the Ministry and do not have a ready and determinable market. Their value is determined by management through independent appraisal periodically at management's discretion. There were no changes to the fair value measurements of Level 3 assets during the year ended December 31, 2014.

As of December 31, 2014, fixed income securities consist entirely of U.S. backed treasury bills, marketable securities consist entirely of available-for-sale equity securities, and gift annuity investments consist of state municipal bonds. Costs related to fixed income, marketable securities, and gift annuity investments are as follows:

Cost	$ 7,670,664
Unrealized gains	10,696
Fair value	$ 7,681,360

Note 3 - Investments and Fair Value: (Continued)

Unrestricted net gains from securities, cash, and notes receivable for the years ending December 31, consist of the following:

	2014	2013
Dividends and interest from marketable securities	$ 15,184	$ 9,109
Less: Investment fees	(98,091)	(47,665)
Net realized and unrealized gains (losses) from marketable securities	(2,245,507)	1,318,937
Interest from banks and notes receivable	2,216	2,269
	$ (2,326,198)	$ 1,282,650

Note 4 - Notes Receivable:

Following is a summary of notes receivable and the related concentrations of credit risk at December 31:

	2014	2013
Note receivable from staff person due in monthly payments of $383, including interest at 4.51 percent secured by staff person's home	$ 42,058	$ 44,689
Unsecured student loans	38,885	39,965
Other unsecured loans	-	500
Allowance for potentially uncollectible balances	(20,000)	(20,000)
	$ 60,943	$ 65,154

Note 5 - Gift Annuity Investments and Obligation:

The Ministry is the trustee and remainder beneficiary of gift annuity agreements under which assets are contributed to the Ministry, the Ministry incurs an obligation to pay stipulated amounts periodically to the contributor (annuitant), and amounts in excess of this obligation are conveyed to the Ministry for unrestricted purposes. The obligation is determined on an actuarial basis and is shown as gift annuity obligations in the accompanying statement of financial position. State laws require the Ministry to restrict and maintain a minimum reserve as collateral for these agreements. Additionally, California limits how the assets may be invested and prohibits comingling with other assets of the Ministry. Accordingly, assets received under these contracts are placed in two separate investment accounts, one for California based contracts and one for all other contracts. Likewise the reserve liability is separately calculated for California.

The reserve obligations are calculated as the present value of the future stream of payments to all annuitants under generally accepted accounting principles using the discount rates specified by the Internal Revenue Service for each gift. As of December 31, 2014, the reserve requirements for California and non-California agreements are $180,970 and $1,256,723, respectively. The total reserve obligation of $1,437,693 is reported on the statement of financial position. The Ministry segregates restricted assets equal to 115% of the calculated annuity reserve for non-California agreements, plus a 10% surplus, using the most stringent of state calculation methods, approximately $1,416,000 in total. Subsequent to December 31, 2014, in order to comply with various state requirements, the Ministry transferred $245,000 into the temporarily restricted investments. This transfer was done in February 2015 (See Note 9). The contribution portion of each gift annuity agreement is recognized as temporarily restricted support in the year received. Net earnings (losses) from the investments are recorded as temporarily restricted returns on investments (See Note 3). The investment income portion of payments to annuitants, as well as adjustments resulting from changes in actuarial assumptions and termination agreements, are reported on the accompanying statement of activities. During the year ended December 31, 2014, the total increase in liability from new annuity contracts was $135,137, and the total decrease in liability from payments to annuitants and terminations was $159,636.

Note 5 - Gift Annuity Investments and Obligation: (Continued)

Gift annuity earnings and expenses from investments consist of the following for the years ended December 31:

	2014	2013
Dividends and interest	$ 6,245	$ 5,190
Investment fees	(12,361)	(7,641)
Net realized and unrealized gains (losses)	(218,303)	268,677
	$ (224,419)	$ 266,226

Note 6 - Property and Equipment:

A summary of land, buildings and equipment follows at December 31:

	2014	2013
Land	$ 2,614,410	$ 2,614,410
Buildings	9,492,171	9,492,171
Building improvements	3,065,045	3,060,513
Leasehold improvements	22,068	22,068
Furniture and equipment	2,674,137	2,629,987
Vehicles	368,429	377,929
	18,236,260	18,197,078
Accumulated depreciation	10,557,037	9,876,501
	$ 7,679,223	$ 8,320,577

Total depreciation expense for 2014 and 2013 was $694,681 and $784,536, respectively.

Note 7 - Margin Loan:

The Ministry maintained a margin loan associated with and secured by one of its brokerage accounts. Investments in the brokerage account total approximately $7.6 million as of December 31, 2014. The margin loan obligation is subject to interest charges based on the 30 day London Interbank Offered Rate (LIBOR) plus a margin of 1.5%.

The margin loan balance is $1,029,313 as of December 31, 2014. Interest expense related to the margin loan was $12,280 for the year ended December 31, 2014, all of which was charged to general and administrative expense.

Note 8 - Capital Lease Commitments:

The Ministry is the lessee of computer equipment under capital leases expiring in various years through 2016. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments. The assets are depreciated over three years (the length of the lease terms). Depreciation of assets under capital leases is included in depreciation expense for 2014. As of December 31, 2014, the cost and related accumulated depreciation of assets under capital leases are approximately $192,000 and $148,000, respectively. The cost is included with furniture and equipment as disclosed in Note 6.

Minimum future lease payments under capital leases as of December 31, 2014 for each of the next three years and in the aggregate are:

Year Ended December 31,	
2015	$ 47,500
2016	5,338
Total minimum lease payments	52,838
Less: Amount representing interest	(1,274)
Present value of minimum lease payments	$ 51,564

Note 9 - Temporarily Restricted Net Assets:

Temporarily restricted net assets are restricted for specific purposes or until specific events occur. Net assets are released from restrictions when specific amounts are expended or time restrictions are met.

The following schedule summarizes net assets released during 2014 and net assets temporarily restricted at December 31, 2014:

	Net Assets Released	Net Assets Temporarily Restricted
Operation Behold Your God	$ -	$ 533,271
Media campaigns	-	6,912
Staff benefits	3,855	8,677
Total Purpose Restrictions	3,855	548,860
Gift annuity agreements	1,768	-
Total	$ 5,623	$ 548,860

The release of gift annuity investments represents transfers of assets in excess of actuarial reserves. As of December 31, 2014, the gift annuity assets were insufficient to comply with various state regulations. In order to cure this deficiency, in February 2015, the Ministry transferred $245,000 to temporarily restricted net assets for gift annuity agreements (See Note 5).

See Note 16 related to the reclassification of net assets during 2014.

Note 10 - Deferred Compensation Obligations and Retirement Plans:

The Ministry has a discretionary defined contribution church retirement plan (the Jews for Jesus Plan) that covers employees with a minimum of one year full-time employment. Full-time employment is defined as 1,000 hours of work during a calendar year. Contributions are based on a participating employee's eligible compensation. Vesting occurs gradually with 100 percent vesting after six years employment. The Ministry contributed $846,619 and $808,262 to this plan for 2014 and 2013, respectively.

The Ministry has established a retirement plan under IRS Section 403(b), which allows employee contributions under a salary reduction arrangement. The Ministry has not made any employer contributions to this plan.

Note 10 - Deferred Compensation Obligations and Retirement Plans: (Continued)

The Ministry has established deferred compensation plans to provide benefits for senior staff upon retirement, and general staff located in New York, upon meeting certain criteria. With respect to these plans, as of December 31, 2014 and 2013, assets of $191,805 and $181,810, respectively, are included in marketable securities and in deferred compensation and retirement plans liability in the statement of financial position. These assets are subject to the claims of the Ministry's creditors in the event of insolvency.

The Ministry has established a retirement plan for employees serving in foreign entities with which the Ministry is associated. The employees are not employed by the Ministry, and the Ministry is not obligated to pay these benefits. With respect to this plan, as of December 31, 2014 and 2013, assets of $475,487 and $576,073, respectively, are included in marketable securities and in deferred compensation and retirement plans liability in the statement of financial position.

Note 11 - Employee Health Insurance:

Jews for Jesus is self-insured for its employee health insurance plan. Covered individuals include full-time employees and their families. The Ministry is obligated for health care costs up to $100,000 per covered individual per year up to an aggregate of $500,000 per year. Monthly contributions are paid into the plan to pay for the plan's costs, which include health care costs, the plan's administration costs, and the reinsurance premiums for coverage above $100,000 per individual per year. Maximum reinsurance coverage is $1,000,000 per year. The plan had plan assets in excess of obligations of approximately $430,000 as of December 31, 2014. The plan had obligations in excess of plan assets of approximately $92,000 as of December 31, 2013.

Note 12 - Related Party Transactions:

The Ministry made contributions to foreign nonprofit corporations or operations for the expansion of those ministries as follows:

	2014	2013
Jews for Jesus - Australia	$ 19,800	$ 46,800
Jews for Jesus - Brazil	$ 176,000	$ 165,300
Jews for Jesus - Canada	$ 120,800	$ 94,100
Jews for Jesus - United Kingdom	$ 16,400	$ 97,300
Jews for Jesus - France	$ 130,600	$ 162,200
Jews for Jesus - Germany	$ 25,900	$ -
Jews for Jesus - Hungary	$ 33,600	$ 30,800
Jews for Jesus - Israel	$ 2,220,500	$ 1,844,000
Jews for Jesus - Russia, Ukraine	$ 630,200	$ 518,400
Jews for Jesus - Switzerland	$ 35,800	$ 23,300

The Ministry rented office space from its chief executive officer in 2014 and 2013 for $12,000 per year.

Note 13 - Supplemental Cash Flow Information:

The Ministry had the following non-cash investing and financing transactions during the years ended December 31, 2014 and 2013:

	2014	2013
Received unrestricted investments in-kind	$ 52,216	$ 47,930
Received equipment in-kind	$ 4,000	$ -
Financed equipment purchase with capital lease	$ -	$ 60,056
Payments on notes receivable through payroll deduction	$ -	$ 30

Note 14 - Subsequent Events:

The Ministry evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Management has determined that there were no events that occurred that require additional disclosure. Subsequent events have been evaluated through May 27, 2015, which is the date the financial statements were available to be issued.

Note 15 - Endowment:

The Ministry's endowment consists entirely of board-designated funds. In accordance with generally accepted accounting principles, net assets associated with these endowment funds are classified and reported as unrestricted net assets. As a matter of policy, the Board designates donations from bequests to this endowment fund. Accordingly, the endowment fund as of December 31, 2014 includes all promises to give from estates. From time to time the Board designates assets of the Ministry for particular board designated activities such as emergency reserve funds and loan funds.

The Ministry's investment objectives are to preserve and protect the Ministry's assets as well as maintain the liquidity to meet the obligations arising from unanticipated circumstances by earning an appropriate return on the investment assets.

Investments are diversified between various funding vehicles and approved by the Investment Subcommittee of the Audit Finance Investment Committee.

Note 15 - Endowment: (Continued)

It is the responsibility of the Investment Subcommittee to see that funds maximize a return within the parameters of reasonable, prudent and safe investment practices. The Ministry seeks to ensure that all ministry investment portfolios are managed in compliance with governing laws and the prudent investor standard. The investment strategy is designed first and foremost to preserve capital and secondarily for growth of capital.

As a general policy, the investments are selected to ensure that they do not include companies whose lines of business openly conflict with Christian values. It is the Ministry's intent to avoid investments in companies that promote alcohol for consumption, tobacco, abortion on demand or pornography.

Changes in board-designated endowment net assets were as follows for the years ended December 31:

	2014	2013
Endowment net assets, beginning of year	$ 10,198,138	$ 8,058,701
Investment return:		
Investment income	12,386	7,078
Net realized and unrealized appreciation (depreciation)	(1,815,487)	1,051,303
Investment fees	(78,218)	(36,822)
Net investment return	(1,881,319)	1,021,559
Amounts appropriated for expenditure	-	(1,155)
Earnings allocated to operations	(1,021,559)	(309,850)
Gift annuity assets transferred in	1,768	366,289
Gift annuity assets to be returned	83,216	-
Transfers to board-designated endowment funds	718,777	1,062,594
Endowment net assets, end of year	$ 8,099,021	$ 10,198,138

Note 16 - Prior Period Adjustment:

During the year ended December 31, 2014, it was determined that temporarily restricted funds received for the Rosen Center should have been released from restrictions in a prior year. Therefore, a reclassifcation was made to reduce temporarily restricted net assets by $525,971 and increase unrestricted net assets accordingly. The reclassification had no effect on total net assets or change in net assets for 2014.