

GLOBAL EDUCATION CENTER, INC.

(A Nonprofit Organization)

Financial Statements

With Independent Auditor's Report Thereon

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020





Independent Auditor's Report

Board of Directors of
Global Education Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Global Education Center, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

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 Global Education Center, Inc. as of June 30, 2021 and 2020, 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.


Miller CPA, PLLC
Murfreesboro, Tennessee
September 21, 2021

GLOBAL EDUCATION CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 6,621	\$ 22,086
Accounts and grants receivable	23,533	9,807
Total current assets	30,154	31,893
PROPERTY AND EQUIPMENT, NET	280,825	284,011
INTANGIBLE ASSET, NET	8,142	10,362
TOTAL ASSETS	\$ 319,121	\$ 326,266
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of note payable	\$ 15,318	\$ 12,952
Accounts payable	7,525	8,273
Accrued expenses	7,883	7,414
Total current liabilities	30,726	28,639
LONG TERM LIABILITIES		
Note payable, less current maturities	76,569	91,799
TOTAL LIABILITIES	107,295	120,438
NET ASSETS		
Net assets with donor restrictions	-	1,000
Net assets without donor restrictions	211,826	204,828
TOTAL NET ASSETS	211,826	205,828
TOTAL LIABILITIES AND NET ASSETS	\$ 319,121	\$ 326,266

See accompanying notes to financial statements and independent auditor's report.

GLOBAL EDUCATION CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUE						
Public support						
Contributions	\$ 63,888	\$ -	\$ 63,888	\$ 62,200	\$ -	\$ 62,200
Forgiveness of Payroll						
Protection Program note payable	-	37,050	37,050	-	39,500	39,500
Grants	179,834	-	179,834	163,763	-	163,763
Total public support	243,722	37,050	280,772	225,963	39,500	265,463
Revenue						
Program fees	53,121	-	53,121	144,675	-	144,675
Membership dues	4,750	-	4,750	4,225	-	4,225
Total revenue	57,871	-	57,871	148,900	-	148,900
Released from restrictions	38,050	(38,050)	-	38,500	(38,500)	-
Total public support and revenue	339,643	(1,000)	338,643	413,363	1,000	414,363
EXPENSES						
Programs	293,006	-	293,006	342,239	-	342,239
Management and general	32,484	-	32,484	29,616	-	29,616
Fundraising	7,155	-	7,155	8,060	-	8,060
Total expenses	332,645	-	332,645	379,915	-	379,915
Increase (decrease) in net assets	6,998	(1,000)	5,998	33,448	1,000	34,448
Net assets at beginning of year	204,828	1,000	205,828	171,380	-	171,380
Net assets at end of year	\$ 211,826	\$ -	\$ 211,826	\$ 204,828	\$ 1,000	\$ 205,828

See accompanying notes to financial statements and independent auditor's report.

GLOBAL EDUCATION CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Supporting Services			Totals	Supporting Services			Totals
	Program Services	Management and General	Fund-raising		Program Services	Management and General	Fund-raising	
Compensation and related expenses	\$ 159,818	\$ 12,430	\$ 5,327	\$ 177,575	\$ 182,184	\$ 14,170	\$ 6,073	\$ 202,427
Contracted artists	52,000	-	-	52,000	62,175	-	-	62,175
License and fees	-	5,386	-	5,386	-	4,606	-	4,606
Depreciation and amortization	11,616	903	388	12,907	10,279	799	343	11,421
Repairs and maintenance	1,804	140	61	2,005	3,369	262	113	3,744
Fringe benefits	153	-	-	153	332	-	-	332
Insurance	6,601	514	220	7,335	8,386	653	280	9,319
Interest	5,018	390	167	5,575	5,623	437	187	6,247
Venue rental	12,000	-	-	12,000	14,094	-	-	14,094
Utilities	25,864	2,012	862	28,738	28,295	2,201	943	31,439
Training	1,030	-	-	1,030	1,729	-	-	1,729
Professional services	-	4,800	-	4,800	-	4,800	-	4,800
Postage and printing	380	29	13	422	478	37	16	531
Property and other business taxes	3,589	280	117	3,986	3,216	251	105	3,572
Supplies	11,101	1,372	-	12,473	11,326	1,400	-	12,726
Marketing	2,032	-	-	2,032	6,400	-	-	6,400
Technical assistance	-	4,228	-	4,228	-	-	-	-
Travel	-	-	-	-	4,353	-	-	4,353
Total expenses	<u>\$ 293,006</u>	<u>\$ 32,484</u>	<u>\$ 7,155</u>	<u>\$ 332,645</u>	<u>\$ 342,239</u>	<u>\$ 29,616</u>	<u>\$ 8,060</u>	<u>\$ 379,915</u>

See accompanying notes to financial statements and independent auditor's report.

GLOBAL EDUCATION CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 5,998	\$ 34,448
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation and amortization	12,906	11,421
Forgiveness of Payroll Protection Program note payable	(37,050)	(39,500)
Decrease (increase) in operating assets:		
Accounts and grants receivable	(13,726)	8,168
Increase (decrease) in operating liabilities:		
Checks written in excess of deposits	-	(1,333)
Accounts payable	(748)	(6,167)
Accrued expenses	469	3,112
Unearned revenue	<u>-</u>	<u>(25,000)</u>
NET CASH USED IN OPERATING ACTIVITIES	(32,151)	(14,851)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,500)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program note payable	37,050	39,500
Principal payments of note payable	<u>(12,864)</u>	<u>(11,878)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>24,186</u>	<u>27,622</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(15,465)	12,771
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>22,086</u>	<u>9,315</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 6,621</u>	<u>\$ 22,086</u>

See accompanying notes to financial statements and independent auditor's report.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Global Education Center, Inc. (referred to as the “Center”) is a not-for-profit Tennessee corporation. The Center’s mission is to use the arts of diverse cultures to increase global awareness and concern, help build mutual understanding and respect among diverse populations and to show the commonalities of all people throughout Middle Tennessee. School and community outreach programs are conducted which offer hands on presentations on diverse cultures as well as programs for the arts including multicultural drum, dance and cultural enrichment classes, workshops, performances, concerts, artists’ residencies and dialogue sessions. The Center works with over 100 artists from diverse cultures and provides performance and teaching opportunities, instruments, costuming, and rehearsal space and trains pre-kindergarten through 12th grade educators and community artists through workshops and artists’ residencies.

The Center’s sources of revenue consist of grants, contributions and earned income from performances, classes and workshops.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting.

Estimates

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

Financial Statement Presentation

The Center presents its financial statements in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Financial Statements for Not-for-Profit Organizations*. Accordingly, the Center reports information regarding its financial position and activities according to the two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Center.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as restricted revenue when received, and such unexpended amounts are reported as net assets with donor restrictions at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from restrictions”.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Assets with Donor Restrictions (continued)

Net assets with donor restrictions also consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

Contributions and Grants

Contributions and grants are recognized as public support when received or unconditionally pledged. All contributions and grants are available for unrestricted use unless specifically restricted by the donor. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and Equivalents

Cash and equivalents include cash on hand and short-term investments with original maturities of three months or less.

Accounts and Grants Receivable

Accounts and grant receivable consists of program services performed or grants earned to be received and are recorded at the amount anticipated to be collected. An allowance for doubtful accounts is provided based on management's evaluation of potential uncollectible accounts and grant receivable balances at year-end based on anticipated and historical collections. As of both June 30, 2021 and 2020, management has estimated the allowance for doubtful accounts to be \$-0-.

Property and Equipment, Net

The Center capitalizes all property and equipment expenditures with a cost of \$500 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or for donated items, at fair value as of the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies net assets with donor restriction to net assets without donor restrictions net assets at that time. Property and equipment are depreciated using the straight-line method. The buildings is being depreciated over 39 years and equipment over 5 to 7 years. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Intangible Asset

The Center engaged an individual to create a musical score for the Center to use for future presentations. The cost for the musical score totaled \$11,102. The score was delivered to the Center in February 2020. The score is being amortized over the estimated useful life of 5 years. During the years ended June 30, 2021 and 2020 amortization expense totaled \$2,220 and \$740, respectively.

Functional Expenses

Expenses are summarized and categorized based upon their functional classification as either program, management and general or fundraising. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, the expenses require allocation on a reasonable basis that is consistently applied. The Center has determined the allocation based on estimates of time and effort within the salaries and compensation expense; which in turn created a percent allocation that was used to determine the allocation of certain expenses.

Marketing Expenses

Marketing costs include costs to promote a specific program or concert and are expensed as incurred on the statements of activities. Marketing expense for the years ended June 30, 2021 and 2020 totaled \$2,032 and \$6,400, respectively.

Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, the Center has made no provision for federal income taxes in the accompanying financial statements.

The Center has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2017, 2018, 2019 and 2020. Based on the evaluation of the Center's tax positions, management believes all tax positions taken would be upheld under an examination by the tax authorities. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2021 and 2020.

NOTE B - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of June 30, 2021 and 2020:

	2021	2020
Building	\$ 346,129	\$ 338,629
Equipment	29,504	29,504
Land	89,800	89,800
	465,433	457,933
Less: Accumulated Depreciation	(184,608)	(173,922)
Totals	<u>\$ 280,825</u>	<u>\$ 284,011</u>

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE B - PROPERTY AND EQUIPMENT, NET (CONTINUED)

Depreciation expense for the years ending June 30, 2021 and 2020 totaled \$10,686 and \$10,681, respectively.

NOTE C - NOTE PAYABLE

The Center has a note payable bearing an interest rate of 5.5% requiring monthly principal and interest payments totaling \$1,658 maturing in October 2023. The note payable is collateralized by certain real estate and the personal guarantee of the executive director and a board member. As of June 30, 2021 and 2020 the note payable totaled \$91,887 and \$104,751, respectively. The future maturities of note payable are as follows:

<u>June 30,</u>	
2022	\$ 15,318
2023	<u>76,569</u>
Total	<u>\$ 91,887</u>

NOTE D - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets as June 30, 2021 and 2020, reduced by amounts not available for general use because of donor imposed restrictions within one year of June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 6,621	\$ 22,086
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>-</u>	<u>(1,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,621</u>	<u>\$ 21,086</u>

The Center is substantially supported by unrestricted contributions, grants and programs. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it sends out cash as the restricted contributions and grants come in and maintains a level of cash related to contributions and grants without donor restrictions.

NOTE E - SUPPORT

Support for the years ended June 30, 2021 and 2020 included grants from state and local governments and corporations totaling \$139,134 and \$163,763, respectively.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE F - PAYROLL PROTECTION PROGRAM GRANT AND NET ASSETS WITH DONOR RESTRICTIONS

During the years ended June 30, 2021 and 2020 the Center received Payroll Protection Program (PPP) grants through the United States Government totaling \$37,050 and \$39,500, respectively. These funds are originally established as a note payable. The agreement requires these funds to be spent on payroll and payroll related costs, rent and utilities. If these funds are spent for these costs then note payable would be forgiven. The note payable has been formally forgiven. The Center has recorded the funds received as “forgiveness of Payroll Protection Program note payable” on the statements of activities.

As of June 30, 2020, the Center has spent all funds from the PPP grant except for \$1,000 which has been reported as net assets with donor restrictions on the statement of financial position as of June 30, 2020. As of June 30, 2021 the donor restricted funds had been released from restrictions.

NOTE G - CONCENTRATION OF RISK

The Center received grant support from a local and state government unit which exceeded 10% of total unrestricted public support and revenue. During the years ended June 30, 2021 and 2020, grant support from these two government units totaled \$144,134 and \$145,582, respectively, or 43% and 35%, respectively, of total public support and revenue.

The Center may be subject in the future to credit risk to its cash and equivalents accounts, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation (“FDIC”) offers coverage up to \$250,000 for substantially all depository accounts. As of June 30, 2021 and 2020 the Center did not have any funds over the FDIC limit.

NOTE H - CASH FLOW INFORMATION

Cash payments for interest during the years ended June 30, 2021 and 2020 totaled \$5,575 and \$6,247, respectively. There were no cash payments for income taxes during the years ended June 30, 2021 and 2020, respectively. During the year ended June 30, 2020 the Center received an intangible asset of \$11,102 which is considered a noncash financing and investing transaction. This transaction has been excluded from the statement of cash flows for the year ended June 30, 2020. During the year ended June 30, 2021 there were no noncash financing and investing transactions.

NOTE I - RELATED ENTITY

A member on the Organization’s board performs at certain events during the year. During the years ended June 30, 2021 and 2020, a board member provided services totaling \$1,000 and \$1,000, respectively.

NOTE J - RECLASSIFICATIONS

Certain reclassifications within the financial statements for 2020 were required to conform with the presentation for 2021.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

NOTE K – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through September 21, 2021, which is the date the financial statements were available to be issued. There were no subsequent events or transactions requiring the financial statements to be adjusted.