

GLOBAL EDUCATION CENTER, INC.

(A Nonprofit Organization)

Financial Statements

With Independent Auditor's Report Thereon

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021





Independent Auditor's Report

To the Board of Directors of
Global Education Center, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Global Education Center, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Global Education Center, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Education Center, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Education Center, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

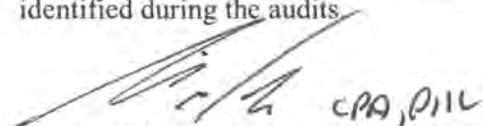
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Global Education Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Education Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

A handwritten signature in black ink, appearing to read "Miller CPA, PLLC", is written over the printed name.

Miller CPA, PLLC
Murfreesboro, TN
October 25, 2022

GLOBAL EDUCATION CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and equivalents	\$ 16,400	\$ 6,621
Accounts and grants receivable	38,380	23,533
Total current assets	54,780	30,154
PROPERTY AND EQUIPMENT, NET	269,437	280,825
INTANGIBLE ASSET, NET	-	8,142
TOTAL ASSETS	<u>\$ 324,217</u>	<u>\$ 319,121</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of note payable	\$ 16,090	\$ 15,318
Deferred revenue	25,000	-
Accounts payable and accrued expenses	7,456	15,408
Total current liabilities	48,546	30,726
LONG TERM LIABILITIES		
Note payable, less current maturities	60,643	76,569
TOTAL LIABILITIES	109,189	107,295
NET ASSETS		
Net assets with donor restrictions	-	-
Net assets without donor restrictions	215,028	211,826
TOTAL NET ASSETS	215,028	211,826
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 324,217</u>	<u>\$ 319,121</u>

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

GLOBAL EDUCATION CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	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	\$ 59,064	\$ -	\$ 59,064	\$ 63,888	\$ -	\$ 63,888
Forgiveness of Payroll Protection Program note payable	-	-	-	-	37,050	37,050
Grants	263,906	-	263,906	179,834	-	179,834
Total public support	322,970	-	322,970	243,722	37,050	280,772
Revenue						
Program fees	123,874	-	123,874	53,121	-	53,121
Membership dues	3,250	-	3,250	4,750	-	4,750
Total revenue	127,124	-	127,124	57,871	-	57,871
Released from restrictions	-	-	-	38,050	(38,050)	-
Total public support and revenue	450,094	-	450,094	339,643	(1,000)	338,643
EXPENSES						
Programs	406,726	-	406,726	293,006	-	293,006
Management and general	31,889	-	31,889	32,484	-	32,484
Fundraising	8,277	-	8,277	7,155	-	7,155
Total expenses	446,892	-	446,892	332,645	-	332,645
Increase (decrease) in net assets	3,202	-	3,202	6,998	(1,000)	5,998
Net assets at beginning of year	211,826	-	211,826	204,828	1,000	205,828
Net assets at end of year	\$ 215,028	\$ -	\$ 215,028	\$ 211,826	\$ -	\$ 211,826

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, 2022 AND 2021

	2022				2021			
	Supporting Services			Totals	Supporting Services			Totals
	Program Services	Management and General	Fund-raising		Program Services	Management and General	Fund-raising	
Compensation and related expenses	\$ 182,853	\$ 14,222	\$ 6,095	\$ 203,170	\$ 159,818	\$ 12,430	\$ 5,327	\$ 177,575
Contracted artists	111,663	-	-	111,663	52,000	-	-	52,000
License and fees	-	6,227	-	6,227	-	5,386	-	5,386
Depreciation and amortization	17,576	1,366	587	19,530	11,615	903	388	12,906
Repairs and maintenance	3,811	296	129	4,235	1,805	140	61	2,006
Fringe benefits	-	-	-	-	153	-	-	153
Insurance	6,874	535	229	7,638	6,601	514	220	7,335
Interest	4,271	332	142	4,745	5,018	390	167	5,575
Venue rental	15,630	-	-	15,630	12,000	-	-	12,000
Utilities	26,139	2,033	871	29,043	25,864	2,012	862	28,738
Training	2,567	-	-	2,567	1,030	-	-	1,030
Professional services	-	4,800	-	4,800	-	4,800	-	4,800
Postage and printing	1,371	105	47	1,523	380	29	13	422
Property and other business taxes	5,428	423	177	6,028	3,589	280	117	3,986
Supplies	12,544	1,550	-	14,094	11,101	1,372	-	12,473
Marketing	5,006	-	-	5,006	2,032	-	-	2,032
Technical assistance	-	-	-	-	-	4,228	-	4,228
Travel	10,993	-	-	10,993	-	-	-	-
Total expenses	<u>\$ 406,726</u>	<u>\$ 31,889</u>	<u>\$ 8,277</u>	<u>\$ 446,892</u>	<u>\$ 293,006</u>	<u>\$ 32,484</u>	<u>\$ 7,155</u>	<u>\$ 332,645</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 3,202	\$ 5,998
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	19,530	12,906
Forgiveness of Payroll Protection Program note payable	-	(37,050)
Decrease (increase) in operating assets:		
Accounts and grants receivable	(14,847)	(13,726)
Increase (decrease) in operating liabilities:		
Deferred revenue	25,000	-
Accounts payable and accrued expenses	<u>(7,952)</u>	<u>(279)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	24,933	(32,151)
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
Principal payments of note payable	<u>(15,154)</u>	<u>(12,864)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(15,154)	24,186
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	9,779	(15,465)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>6,621</u>	<u>22,086</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 16,400</u>	<u>\$ 6,621</u>

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

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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".

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.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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

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.

At times the Center receives grants for future periods. These funds are recorded as deferred revenue on the statements of financial position. As of June 30, 2022 the Center received a grant of \$25,000 for the year ending June 30, 2023 and has recorded these funds as deferred revenue. As of June 30, 2021 deferred revenue totaled \$-0-.

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, 2022 and 2021, 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.

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. During the year ended June 30, 2022 the score was used and was fully amortized. During the years ended June 30, 2022 and 2021 amortization expense totaled \$8,142 and \$2,220, 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.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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

Functional Expenses (continued)

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, 2022 and 2021 totaled \$5,006 and \$2,032, 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, 2020 and 2021. 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, 2022 and 2021.

NOTE B - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of June 30, 2022 and 2021:

	2022	2021
Building	\$ 346,129	\$ 346,129
Equipment	29,504	29,504
Land	89,800	89,800
	465,433	465,433
Less: Accumulated Depreciation	(195,996)	(184,608)
Totals	<u>\$ 269,437</u>	<u>\$ 280,825</u>

Depreciation expense for the years ending June 30, 2022 and 2021 totaled \$11,388 and \$10,687, 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, 2022 and 2021 the note payable totaled \$76,733 and \$91,887, respectively.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

NOTE D - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets as June 30, 2022 and 2021, reduced by amounts not available for general use because of donor imposed restrictions within one year of June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end	\$ 16,400	\$ 6,621
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>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,400</u>	<u>\$ 6,621</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, 2022 and 2021 included grants from state and local governments and corporations totaling \$282,906 and \$179,834, respectively.

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

During the year ended June 30, 2021 the Center received Payroll Protection Program (PPP) grants through the United States Government totaling \$37,050. 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. The Center did not receive any funds from the Payroll Protection Program during the year ended June 30, 2022.

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, 2022 and 2021, grant support from these two government units totaled \$198,140 and \$144,134, respectively, or 43% and 43%, 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, 2022 and 2021 the Center did not have any funds over the FDIC limit.

GLOBAL EDUCATION CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

NOTE H - CASH FLOW INFORMATION

Cash payments for interest during the years ended June 30, 2022 and 2021 totaled \$4,745 and \$5,575, respectively. There were no cash payments for income taxes during the years ended June 30, 2022 and 2021, respectively.

NOTE I - RELATED ENTITY

A member on the Organization's board performs at certain events during the year. During the years ended June 30, 2022 and 2021, a board member provided services totaling \$1,000 and \$1,000, respectively.

NOTE J – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through October 25, 2022, 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.