

***GLOBAL EDUCATION CENTER, INC.***

(A Nonprofit Organization)

**Financial Statements**

**With Independent Auditor's Report Thereon**

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019





## 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, 2020 and 2019, 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 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.

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, 2020 and 2019, 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.

A handwritten signature in blue ink, appearing to read 'B. J. Miller CPA, PLLC', is written over the printed name 'Miller CPA, PLLC'.

Miller CPA, PLLC

Murfreesboro, Tennessee  
September 11, 2020

**GLOBAL EDUCATION CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 22,086	\$ 9,315
Accounts and grants receivable	9,807	17,975
Prepaid expense	-	11,102
Total current assets	31,893	38,392
 INTANGIBLE ASSET, NET	 10,362	 -
 PROPERTY AND EQUIPMENT, NET	 284,011	 294,692
TOTAL ASSETS	<u>\$ 326,266</u>	<u>\$ 333,084</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Checks written in excess of deposits	\$ -	\$ 1,333
Current maturities of note payable	12,952	13,836
Accounts payable	8,273	14,440
Accrued expenses	7,414	4,302
Unearned Revenue	-	25,000
Total current liabilities	28,639	58,911
 LONG TERM LIABILITIES		
Note payable, less current maturities	91,799	102,793
 TOTAL LIABILITIES	 120,438	 161,704
 NET ASSETS		
Net assets with donor restrictions	1,000	-
Net assets without donor restrictions	204,828	171,380
TOTAL NET ASSETS	205,828	171,380
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 326,266</u>	 <u>\$ 333,084</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, 2020 AND 2019**

	2020			2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
<b>PUBLIC SUPPORT AND REVENUE</b>						
Public support						
Contributions	\$ 62,200	\$ -	\$ 62,200	\$ 21,426	\$ -	\$ 21,426
Grants	163,763	39,500	203,263	198,658	-	198,658
Total public support	225,963	39,500	265,463	220,084	-	220,084
Revenue						
Program fees	144,675	-	144,675	180,664	-	180,664
Membership dues	4,225	-	4,225	5,275	-	5,275
Total revenue	148,900	-	148,900	185,939	-	185,939
Released from restrictions	38,500	(38,500)	-	-	-	-
Total public support and revenue	413,363	1,000	414,363	406,023	-	406,023
<b>EXPENSES</b>						
Programs	342,239	-	342,239	356,309	-	356,309
Management and general	29,616	-	29,616	28,859	-	28,859
Fundraising	8,060	-	8,060	8,056	-	8,056
Total expenses	379,915	-	379,915	393,224	-	393,224
Increase in net assets	33,448	1,000	34,448	12,799	-	12,799
Net assets at beginning of year	171,380	-	171,380	158,581	-	158,581
Net assets at end of year	<u>\$ 204,828</u>	<u>\$ 1,000</u>	<u>\$ 205,828</u>	<u>\$ 171,380</u>	<u>\$ -</u>	<u>\$ 171,380</u>

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, 2020 AND 2019**

	2020				2019			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fund- raising	Totals	Program Services	Management and General	Fund- raising	Totals
Compensation and related expenses	\$ 182,184	\$ 14,170	\$ 6,073	\$ 202,427	\$ 186,260	\$ 14,487	\$ 6,209	\$ 206,956
Contracted artists	62,175	-	-	62,175	82,376	-	-	82,376
License and fees	-	4,606	-	4,606	-	4,277	-	4,277
Depreciation and amortization	10,279	799	343	11,421	9,197	715	307	10,219
Repairs and maintenance	3,369	262	113	3,744	2,480	193	83	2,756
Fringe benefits	332	-	-	332	306	-	-	306
Insurance	8,386	653	280	9,319	6,899	537	230	7,666
Interest	5,623	437	187	6,247	6,214	483	207	6,904
Venue rental	14,094	-	-	14,094	13,685	-	-	13,685
Utilities	28,295	2,201	943	31,439	28,305	2,202	943	31,450
Training	1,729	-	-	1,729	1,735	-	-	1,735
Miscellaneous	-	-	-	-	812	63	27	902
Professional services	-	4,800	-	4,800	-	4,800	-	4,800
Postage and printing	478	37	16	531	877	68	29	974
Property and other business taxes	3,216	251	105	3,572	640	50	21	711
Supplies	11,326	1,400	-	12,726	7,963	984	-	8,947
Marketing	6,400	-	-	6,400	5,297	-	-	5,297
Travel	4,353	-	-	4,353	3,263	-	-	3,263
Total expenses	<u>\$ 342,239</u>	<u>\$ 29,616</u>	<u>\$ 8,060</u>	<u>\$ 379,915</u>	<u>\$ 356,309</u>	<u>\$ 28,859</u>	<u>\$ 8,056</u>	<u>\$ 393,224</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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 34,448	\$ 12,799
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,421	10,219
Decrease (increase) in operating assets:		
Prepaid expense	-	(11,102)
Accounts and grants receivable	8,168	(16,375)
Increase (decrease) in operating liabilities:		
Checks written in excess of deposits	(1,333)	(1,333)
Accounts payable	(6,167)	11,206
Accrued expenses	3,112	1,766
Unearned revenue	<u>(25,000)</u>	<u>-</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 24,649	 7,180
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments of note payable	<u>(11,878)</u>	<u>(10,643)</u>
 NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	 12,771	 (3,463)
 CASH AND EQUIVALENTS AT BEGINNING OF YEAR	 <u>9,315</u>	 <u>12,778</u>
 CASH AND EQUIVALENTS AT END OF YEAR	 <u>\$ 22,086</u>	 <u>\$ 9,315</u>

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



**GLOBAL EDUCATION CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**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 12<sup>th</sup> 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, 2020 and 2019**

**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, 2020 and 2019, 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, 2020 and 2019**

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

**Intangible Asset**

During the year ended June 30, 2020 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 year ended June 30, 2020 amortization expense totaled \$740.

**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, 2020 and 2019 totaled \$6,400 and \$5,297, 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 and 2019. 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, 2020 and 2019.

**NOTE B - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following as of June 30, 2020 and 2019:

	2020	2019
Building	\$ 338,629	\$ 338,629
Equipment	29,504	29,504
Land	89,800	89,800
	457,933	457,933
Less: Accumulated Depreciation	(173,922)	(163,241)
Totals	<u>\$ 284,011</u>	<u>\$ 294,692</u>

**GLOBAL EDUCATION CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE B - PROPERTY AND EQUIPMENT, NET (CONTINUED)**

Depreciation expense for the years ending June 30, 2020 and 2019 totaled \$10,681 and \$10,219 respectively.

**NOTE C - NOTE PAYABLE**

As of June 30, 2020 and 2019, the Center had a note payable with a 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, 2020 and 2019 the note payable totaled \$104,751 and \$116,629, respectively. The future maturities of note payable are as follows:

<u>June 30,</u>	
2020	\$ 12,952
2021	15,230
2022	15,943
2023	<u>60,626</u>
Total	<u>\$ 104,751</u>

**NOTE D - AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Center's financial assets as June 30, 2019 and 2018, reduced by amounts not available for general use because of donor imposed restrictions within one year of June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end	\$ 22,086	\$ 9,315
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(1,000)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 21,086</u>	<u>\$ 9,315</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, 2020 and 2019 included grants from state and local governments and corporations totaling \$163,763 and \$198,658, respectively.

**GLOBAL EDUCATION CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

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

In May 2020 the Center received a payroll protection program (PPP) grant through the United States Government totaling \$39,500. 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 the United States Government has agreed to forgive the note payable. Management has spent these funds on payroll and payroll related costs, rent and utilities. The note payable has not formally been forgiven by the United States Government, but as these funds have been spent in the manner required for forgiveness, the Center has recorded the funds received as grant revenue. 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.

**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, 2020 and 2019, grant support from these two government units totaled \$145,582 and \$138,798, respectively, or 36% and 34%, respectively, of total public support and revenue.

During the year ended June 30, 2019, the Center received donations from two local foundations totaling \$40,610 or 10% of total public support and revenue. During the year ended June 30, 2020 no local foundation contribution was more than 10% of total public support or 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, 2020 and 2019 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, 2020 and 2019 totaled \$5,444 and \$6,904, respectively. There were no cash payments for income taxes during the years ended June 30, 2020 and 2019, 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. The payment was originally made during the year ended June 30, 2019 and was recorded as a prepaid expense as of June 30, 2019. This transaction has been excluded from the statement of cash flows for the year ended June 30, 2020. During the year ended June 30, 2019 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, 2020 and 2019, the board member provided services totaling \$1,000 and \$1,525, respectively.

**GLOBAL EDUCATION CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 and 2019**

**NOTE I – SUBSEQUENT EVENTS REVIEW**

Subsequent events have been evaluated through September 11, 2020, 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.