Global Outreach Developments International

Financial Statements
December 31, 2014

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McKerley + Noonan
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Global Outreach Developments International
Old Hickory, TN

We have audited the accompanying financial statements of Global Outreach Developments International (a Tennessee non-profit corporation), the Organization, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

(Auditor's report continued on next page)

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Outreach Developments International 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.

McKerley & Noonan

McKerley and Noonan, P.C.
Nashville, Tennessee
July 8, 2015

Global Outreach Developments International
Statement of Financial Position
December 31, 2014

Assets

Current Assets:	
Cash in Bank	$ 115,796
Receivables	34,689
Related Party Pledge Receivables	45,000
Prepaid Expenses	26,317
Total Current Assets	221,802
Fixed Assets:	
Land & Buildings	1,206,529
Furniture & Equipment	295,334
Vehicles	26,064
Less: Accumulated Depreciation	(344,445)
Net Fixed Assets	1,183,482
Other Assets	
Construction in Progress	110,433
Loan Origination Fees, Net	11,693
Net Other Assets	122,126
Total Assets	$ 1,527,410

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	$ 3,066
Credit cards payable	44,182
Deferred SLAM Trip Revenue	8,750
Current portion of Notes Payable	61,781
Total current liabilities	117,779
Long-term debt	
Notes Payable	733,103
Total long-term liabilities	733,103
Total Liabilities	850,882
Net Assets:	
Unrestricted Net Assets	566,709
Temporarily restricted net assets	109,819
Total Net Assets	676,528
Total Liabilities and Net Assets	$ 1,527,410

See Notes to the Financial Statements

Global Outreach Developments International
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues and Support:			
Contributions & Grants	$ 571,598	$ 167,849	$ 739,447
Tuition	292,974	-	292,974
Cafeteria	76,095	-	76,095
Itinerant Accomodation Rent	154,334	-	154,334
Service Revenue	174,318	-	174,318
Other Income	81,312	-	81,312
In-Kind Contributions	8,287	-	8,287
Net assets released from Restriction	135,851	(135,851)	-
Total Revenues and Support	1,494,769	31,998	1,526,767
Expenses:			
Program Services	924,746	-	924,746
Fundraising	11,174	-	11,174
General and Administrative	393,485	-	393,485
Total Expenses	1,329,405	-	1,329,405
Change in Net Assets	165,364	31,998	197,362
Net Assets, Beginning of the Year as Previously Stated	382,511	77,821	460,332
Prior Period Adjustment (Note 8)	18,834	-	18,834
Net Assets, Beginning of Year as Restated	401,345	77,821	479,166
Net Assets - End of the Year	$ 566,709	$ 109,819	$ 676,528

Global Outreach Developments International
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash Flows from Operating Activities:		
Change in Net Assets	$	197,362
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities:		
Depreciation & Amortization		71,886
In-Kind Contribution of Fixed Assets		(2,000)
Gain on Sale of Fixed Assets		(19,680)
Increase in Receivables		(9,689)
Increase in Prepaid Expenses		(5,072)
Increase in Due from Related Parties		(45,000)
Decrease in Accounts Payables and Accrued Expenses		(8,868)
Decrease in Credit Card Payables		(151,732)
Increase in Deferred Revenue		4,694
Increase in Payroll Liabilities		986
Total Adjustments		(164,475)
Net Cash Provided by Operating Activities		32,887
Cash Flows from Investing Activities		
Purchase of Fixed Assets		(158,024)
Proceeds from Sale of Fixed Assets		49,350
Net Cash Used for Financing Activities		(108,674)
Cash Flows from Financing Activities		
Proceeds from Notes Payable		300,000
Loan Origination Fees		(13,757)
Payments on Notes Payable		(139,790)
Net Cash Used for Financing Activities		146,453
Net Increase in Cash		70,666
Cash, Beginning of the Year		45,130
Cash, End of Year	$	115,796
Supplemental Cash Flow Information:		
Interest Paid	$	35,966

Global Outreach Developments International
Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program Services	General and Administrative	Fundraising	Total
Salaries and Benefits	$ 289,113	$ 255,754	$ 11,120	$ 555,987
Program Facilitation	139,080	-	-	139,080
International Mission Work	96,416	-	-	96,416
Cafeteria Expense	85,985	-	-	85,985
Depreciation & Amortization	53,914	17,972	-	71,886
3rd World Development	64,012	-	-	64,012
Utilities	37,378	10,257	-	47,635
Interest Expense	22,914	13,052	-	35,966
Repairs and Maintenance	25,650	9,143	-	34,793
Other Expenses	10,975	13,997	54	25,026
Benevolence	21,126	-	-	21,126
Development Training School	19,164	-	-	19,164
Professional Services	-	18,887	-	18,887
Barista	18,757	-	-	18,757
Telephone & Internet	14,395	1,268	-	15,663
Insurance Expense	-	15,328	-	15,328
Travel	7,494	6,601	-	14,095
Rent Expense	-	11,781	-	11,781
Printing & Postage	-	9,157	-	9,157
Community Services	8,670	-	-	8,670
Taxes & Licenses	-	8,297	-	8,297
Widow & Orphan	7,077	-	-	7,077
Office Expenses	1,641	250	-	1,891
Bank & Credit Card Fees	-	1,741	-	1,741
Destitute Care	985	-	-	985
Total Functional Expenses	$ 924,746	$ 393,485	$ 11,174	$ 1,329,405

Global Outreach Developments International

Notes to Financial Statements

December 31, 2014

NOTE 1 - DESCRIPTION AND PURPOSE OF THE ORGANIZATION

Global Outreach Developments International (the Organization) is a non-profit organization that equips a globally conscious community to serve the poor and marginalized through education, advocacy and empowerment, without discrimination, demonstrating unconditional love.

The Organization operates a development training school for those interested in entering the mission field to serve the poor and marginalized, maintains a band for promoting the organization, operates an elementary school, and organizes mission trips for churches and individuals. Revenues are generated by the training school, band and trips as well as personal and business contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis of accounting which means that revenues are recognized when earned and expenses are recorded when incurred. Significant accounting policies of the Organization are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates
The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation
For financial statement presentation, the Organization reports its financial information according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets
Unrestricted net assets are donations that are not subject to donor-imposed stipulations. Monies received without restriction or released from restriction are generally used to finance the normal day-to-day operations of the Organization.

Temporarily Restricted Net Assets
Temporarily restricted net assets are donations that are subject to donor-imposed

stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At December 31, 2014, there were $109,818 of temporarily restricted net assets.

Permanently Restricted Net Assets
Permanently restricted net assets are donations subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2014, there were no permanently restricted net assets.

Accounts Receivable
Accounts receivable represent unpaid tuition and rent for classes and lodging during the year ended December 31, 2014. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances. Management believes that all accounts receivable are fully collectible and has not recorded an allowance for doubtful accounts at December 31, 2014.

Fixed Assets
Fixed assets are recorded at cost and are depreciated using straight line and accelerated methods based on the following estimated useful lives of the assets.

Building	39 years
Vehicle	5 years
Furniture & Equipment	5 – 7 years

Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Construction in Progress
The Organization incurred costs for projects which have not been placed in service as of December 31, 2014. The projects consist of various works locally and internationally.

Service Revenue
The Organization conducts several activities which provide services to the public. These activities are staffed by individuals who are in training or who have been trained by the Organization and the activities are considered part of the Organization’s mission. Revenues for

these services are recognized when earned.

In-Kind Donations of Goods and Services

Donated services that require specialized skills and would be purchased if not provided by the donor are recognized as support and expenses based on the fair value of the services received.

During the year ended December 31, 2014 the Organization’s financial statements reflect donations of goods and services valued at $8,287.

Classification of Expenses

Expenses are classified functionally as a measure of service efforts and accomplishments. Direct expenses, incurred for a single function, are allocated entirely to that function. Joint expenses applicable to more than one function are allocated on the basis of objectively summarized information or management estimates.

Income Taxes

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for federal or state income taxes is applicable.

The Organization has adopted the guidance in ASC 740 on accounting for uncertainty in income taxes. For all tax positions taken by the Organization, management believes it is clear that the likelihood is greater than 50 percent that the full amount of the tax positions taken will be ultimately realized. The Organization incurred no interest or penalties during the year ended December 31, 2014.

NOTE 3 – CREDIT RISK

The Organization maintains its cash in bank deposit accounts that at times may exceed the federally insured limit of $250,000.

NOTE 4 – CONCENTRATIONS

The Organization receives a substantial amount of its support and revenues from the development training school. Should enrollment in the institution decline, the Organization’s operations will be affected.

NOTE 5 – LONG-TERM DEBT

Long-Term Debt consists of the following at December 31, 2014:

A note bearing interest at a rate of 4.75% collateralized by real property and guaranteed by third parties. Monthly principal and interest payments of $6,269 are due until February of 2018 at which time the remaining balance is due.	$502,931
A note bearing interest at a rate of 4.75% collateralized by real property and guaranteed by third parties. Monthly principal and interest payments of $1,938 are due until April of 2019 at which time the remaining balance is due.	291,953
Total Notes Payable	794,884
Less: Current Portion of notes payable	(61,781)
Long-Term Portion	$733,103

Future principal payments are as follows:

2015	2016	2017	2018	2019	Thereafter
$61,781	$64,788	$67,940	$348,651	$251,724	$ 0

NOTE 6 – FUNDRAISING

Fundraising expenses primarily relate to a band, *Unnamed Servant,* that plays at venues throughout the United States. A portion of the band's time is used to promote the organization and the band's expenses are allocated accordingly.

NOTE 7 – RELATED PARTY TRANSACTIONS

Certain management and employees related to the Organization have allowed the Organization to utilize personal credit cards to make purchases related to the day to day activities of the Organization. The individuals do not use the credit card for personal use if the card as been designated for use by the Organization. Though the cards are in the name of the individuals, the interest and principal amounts are paid by the Organization.

The Organization's officers own multiple businesses engaged in various services. During the year ended December 31, 2014, the businesses, Music City Handymen and Details

Nashville, contributed $527 and $54,670, respectively, of their profits to the Organization; the contribution is included in Contribution Revenue. The contributions from Details Nashville include a $45,000 receivable at December 31, 2014. The Organization also has a receivable from Nova Birth Services, LLC, a related party, for $5,690 at December 31, 2014.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

Upon additional analysis, the Organization determined that payroll liabilities were incorrectly stated prior to the current fiscal year. A prior period adjustment has been made in the amount of $18,834 to correct the Organization's payroll liabilities.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 8, 2015, the date that the financial statements were available to be issued.