Global Outreach Developments International

Financial Statements
December 31, 2012

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McKerley & Noonan, P.C.
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, 2012, and the related statement of activities, 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 qualified audit opinion.

(Auditor's report continued on next page)

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Basis for Qualified Opinion

As more fully described in Note 2 to the financial statements, the Organization has elected not to include the activity of various related entities. In our opinion, accounting principles generally accepted in the United States of America (GAAP) require that the operations of the entities be included in the financial statements. Quantification of the effects on the financial statements of the preceding practices is not practical.

Opinion

In our opinion, except for the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Global Outreach Developments International as of December 31, 2012, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McKerley and Noonan, P.C.
Nashville, Tennessee
September 25, 2013

Global Outreach Development International
Statement of Financial Position
December 31, 2012

Assets

Current Assets:	
Cash in Bank	$ 72,975
Receivables	5,000
Due from Related Parties	8,652
Total Current Assets	86,627
Fixed Assets:	
Land & Buildings	1,043,609
Furniture & Equipment	285,357
Vehicles	75,200
Less: Accumulated Depreciation	(227,993)
Net Fixed Assets	1,176,173
Other Assets	
Construction in Progress	57,479
Net Other Assets	57,479
Total Assets	$ 1,320,279

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	$ 276
Credit cards payable	160,599
Payroll liabilities	21,690
Deferred Housing Revenue	3,640
Current portion of long-term debt	185,408
Total current liabilities	371,613
Long-term debt	507,508
Total Liabilities	879,121
Net Assets:	
Unrestricted Net Assets	342,746
Temporarily restricted net assets	98,412
Total Net Assets	441,158
Total Liabilities and Net Assets	$ 1,320,279

Global Outreach Developments Int'l
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Revenues and Support:			
Contributions	$ 604,901	$ 173,536	$ 778,437
Tuition	194,560	-	194,560
Cafeteria	83,736	-	83,736
Transitory Housing Rent	143,997	-	143,997
Service Revenue	65,135	-	65,135
Other Income	61,359	-	61,359
Net assets released from Restriction	160,595	(160,595)	-
Total Revenues and Support	1,314,283	12,941	1,327,224
Expenses:			
Program Services	662,986	-	662,986
Fundraising	182,336	-	182,336
General and Administrative	462,588	-	462,588
Total Expenses	1,307,910	-	1,307,910
Change in Net Assets	6,373	12,941	19,314
Net Assets, Beginning of the Year	336,373	85,471	421,844
Net Assets - End of the Year	$ 342,746	$ 98,412	$ 441,158

See Notes to the Financial Statements

Global Outreach Developments Int'l
Statement of Cash Flows
For the Year Ended December 31, 2012

Cash Flows from Operating Activities:		
Change in Net Assets	$	19,314
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities:		
Depreciation		53,134
Gain on Sale of Assets		(1,900)
Decrease in Receivables		16,500
Decrease in Due from Related Parties		1,348
Decrease in Accounts Payables and Accrued Expenses		(3,724)
Increase in Credit Card Payables		106,076
Increase in Deferred Revenue		3,640
Increase in Payroll Liabilities		18,483
Total Adjustments		193,557
Net Cash Provided by Operating Activities		212,871
Cash Flows from Investing Activities		
New Construction in Progress		(57,479)
Purchase of land and buildings		(604,860)
Purchase of Vehicles (Net)		(58,101)
Purchase of furniture and equipment		(4,345)
Net Cash Used for Financing Activities		(724,785)
Cash Flows from Financing Activities		
Proceeds from Notes Payable		557,518
Payments on Notes Payable		(72,481)
Net Cash Used for Financing Activities		485,037
Net Decrease in Cash		(26,877)
Cash, Beginning of the Year		73,065
Cash, End of Year	$	46,188
Supplemental Cash Flow Information:		
Interest Paid	$	22,410

Global Outreach Developments Int'l
Statement of Functional Expenses
For the Year Ended December 31, 2012

	Program Services	General and Administrative	Fundraising	Total
Salaries and Benefits	$ 199,555	$ 189,322	$ 122,803	$ 511,680
Program Facilitation	138,686	11,656	4,077	154,419
Travel	70,228	6,778	26,725	103,731
Community Feeding Program	5,315	75,538	-	80,853
Depreciation	59,941	19,980	-	79,921
Property Development	1,041	50,154	1,939	53,134
Interest Expense	20,566	16,887	-	37,453
Small Equipment	563	2,915	21,965	25,443
Other Expenses	4,314	19,825	54	24,193
Cooperative Support	23,590	-	-	23,590
Telephone and Internet	17,339	5,261	519	23,119
Utilities	22,410	-	-	22,410
Leased Facilities	2,250	18,115	-	20,365
Benevolence	18,225	-	-	18,225
Development Training School	17,450	-	-	17,450
Insurance - General	15,711	-	1,673	17,384
Community Development	16,222	-	-	16,222
3rd World Development	-	16,184	-	16,184
Professional Services	1,971	11,324	2,067	15,362
Office Expenses	732	10,646	514	11,892
Biointensive Agriculture Program	9,793	-	-	9,793
Widow & Orphan	9,000	-	-	9,000
Community Service Projects	-	6,612	-	6,612
Food Service	5,755	-	-	5,755
Destitute Care	2,329	-	-	2,329
Conference, Convention, Meeting	-	1,391	-	1,391
Total Functional Expenses	$ 662,986	$ 462,588	$ 182,336	$ 1,307,910

Global Outreach Developments International

Notes to Financial Statements
December 31, 2012

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, and organizes missions 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. The officers of the Organization are also officers controlling several other entities engaged in business-type activities for the purpose of generating revenues for Global Outreach Developments Int'l. Generally accepted accounting principles require that the entities under common control and economic interest be consolidated into the Organization's financial statements. Management has elected to exclude the activities of these entities from the financial statements of the Organization. Other 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, 2012, there were $98,412 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, 2012, there were no permanently restricted net assets.

Donated 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.

Receivables

The organization has been awarded a $30,000 grant from a foundation for which the organization has received an initial payment of $15,000. The additional $15,000, which the Organization expects to fully collect, has been recorded as a receivable at December 31, 2012. The terms of the grant stipulate the payment of the funds via a $10,000 and $5,000 payment in 2012 and 2013 respectively.

Fixed Assets

Fixed assets are recorded at cost and are depreciated using the straight-line and double declining balance 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, 2012. The projects consist of various works locally and internationally.

Service Revenue

The Organization conducts several business-like 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 Organizations mission. Revenues for these services are recognized when earned.

In-Kind Donations

During the year ended December 31, 2012 the Organization received a donation of land valued at $38,000. The donation is included in contribution income.

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. With few exceptions, the Organization is no longer subject to U.S. federal tax examinations by tax authorities for years before 2009. The Organization incurred no interest or penalties during the year ended December 31, 2012.

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 school. Should enrollment in the institution decline, the Organization's operations will be affected. The Organization also received approximately $216,000 in donations from a single donor during 2012.

NOTE 5 – LONG-TERM DEBT

Long-Term Debt consists of the following at December 31, 2012:

A bank note bearing interest at a rate of 7.25% collateralized by property and a building. Monthly principal and interest payments of $3,402 are due until December of 2013 at which time the remaining balance is due.	$100,398
A $10,000 note payable to a foundation bearing zero percent interest. Ten principal payments of $1,000 per month are due beginning February 2013 until the note is fully satisfied in December 2013.	10,000
A $25,000 loan payable to an individual bearing zero percent interest. The balance is due in full in October 2013.	25,000
A $45,000 unsecured note payable bearing zero percent interest. The Balance is due in full in 2014.	45,000
A note bearing interest at a rate of 4.75% collateralized by property and construction in progress. Monthly principal and interest payments of $6,269 are due until November of 2016 at which time the remaining balance is due.	512,518
Total Notes Payable	692,916
Less: Current Portion	(185,408)
Long-Term Portion	$507,508

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 employee's 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 an entity engaged in handyman services called Music City Handymen. During the year ended December 31, 2012 Music City Handymen contributed $13,427 of their profits to the Organization; the contribution is included in Contribution Revenue.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2013, the date that the financial statements were available to be issued.