

Global Outreach Developments Int'l

Financial Statements
December 31, 2011

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McKerley & Noonan, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Global Outreach Developments Int'l
Old Hickory, TN

We have audited the accompanying statement of financial position of Global Outreach Developments Int'l (a non-profit organization) as of December 31, 2011, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Organizations management. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in Note 2, the Organization has not included the activity of various related entities. Inclusion of the activity is required by generally accepted accounting principals.

In our opinion, except for the information discussed in the preceding paragraph, the financial statements referred to above, present fairly, in all material respects, the financial position of Global Outreach Developments Int'l as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



McKerley & Noonan, P.C.
November 15, 2012

Global Outreach Development International
Statement of Financial Position
December 31, 2011

Assets

Current Assets:

Cash in Bank	\$ 73,065
Receivables	21,500
Due from Related Parties	10,000
Total Current Assets	<u>104,565</u>

Fixed Assets:

Land & Buildings	425,852
Furniture & Equipment	281,012
Vehicles	18,700
Less: Accumulated Depreciation	(151,573)
Net Fixed Assets	<u>573,991</u>

Other Assets

Construction in Progress	12,897
Net Other Assets	<u>12,897</u>

Total Assets	<u><u>\$ 691,453</u></u>
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Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 4,000
Credit cards payable	54,523
Payroll liabilities	3,207
Current portion of long-term debt	39,015
Total current liabilities	<u>100,745</u>

Long-term debt	<u>168,864</u>
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Total Liabilities	269,609
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Net Assets:

Unrestricted Net Assets	336,373
Temporarily restricted net assets	85,471
Total Net Assets	<u>421,844</u>

Total Liabilities and Net Assets	<u><u>\$ 691,453</u></u>
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Global Outreach Developments Int'l
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support:			
Contributions	\$ 820,756	\$ 106,433	\$ 927,189
Tuition	225,736	-	225,736
Cafeteria	104,902	-	104,902
Housing	170,144	-	170,144
Other Income	2,149	-	2,149
Net assets released from Restriction	68,447	(68,447)	-
Total Revenues and Support	<u>1,392,134</u>	<u>37,986</u>	<u>1,430,120</u>
Expenses:			
Program Services	772,766	-	772,766
Fundraising	44,701	-	44,701
General and Administrative	466,655	-	466,655
Total Expenses	<u>1,284,122</u>	<u>-</u>	<u>1,284,122</u>
Change in Net Assets	108,012	37,986	145,998
Net Assets, Beginning of the Year	<u>228,361</u>	<u>47,485</u>	<u>275,846</u>
Net Assets - End of the Year	<u><u>\$ 336,373</u></u>	<u><u>\$ 85,471</u></u>	<u><u>\$ 421,844</u></u>

Global Outreach Developments Int'l
Statement of Cash Flows
For the Year Ended December 31, 2011

Cash Flows from Operating Activities:

Change in Net Assets \$ 145,998

Adjustments to Reconcile Change in Net Assets

to Net Cash Provided by Operating Activities:

Depreciation	77,787
Increase in Receivables	(14,799)
Increase in Due from related parties	(10,000)
Decrease in Accounts payable and accrued expenses	(1,256)
Decrease in Credit card payables	(34,198)
Decrease in Payroll Liabilities	(22,184)

Total Adjustments	<u>(4,650)</u>
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Net Cash Provided by Operating Activities	<u>141,348</u>
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Cash Flows from Investing Activities

Increase in Construction in Progress	(12,897)
Purchase of land and buildings	(44,852)
Purchase of furniture and equipment	(69,312)

Net Cash Used for Financing Activities	<u>(127,061)</u>
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Cash Flows from Financing Activities

Proceeds from Notes Payable	45,000
Payments on Notes Payable	(98,564)

Net Cash Used for Financing Activities	<u>(53,564)</u>
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Net Decrease in Cash	(39,277)
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Cash, Beginning of the Year	<u>112,342</u>
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Cash, End of Year	<u><u>\$ 73,065</u></u>
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Supplemental Cash Flow Information:

Interest Paid	\$ 20,418
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Global Outreach Developments Int'l
Statement of Functional Expenses
For the Year Ended December 31, 2011

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 165,049	\$ 134,103	\$ 44,701	\$ 343,853
Program Facilitation	168,742	61,396	-	230,138
Leased Facilities	8,117	137,374	-	145,491
Travel	96,638	4,642	-	101,280
Community Feeding Program	48,719	29,373	-	78,092
Depreciation	58,340	19,447	-	77,787
3rd World Development	42,846	3,115	-	45,961
Community Service Projects	35,814	1,785	-	37,599
Utilities Payment	32,521	-	-	32,521
Development Training School	30,037	-	-	30,037
Telephone and Internet	22,519	7,506	-	30,025
Professional Services	-	20,418	-	20,418
Interest Expense	13,808	6,404	-	20,211
Repairs and Maintenance	2,120	15,775	-	17,895
Facilities and Equipment	2,960	12,790	-	15,750
Office Expenses	8,771	5,776	-	14,547
Other Expenses	6,743	5,181	-	11,924
Food Donations	9,951	-	-	9,951
Destitute Care	6,627	-	-	6,627
Insurance - General	4,118	-	-	4,118
Tuition Expense	3,984	-	-	3,984
Widow & Orphan	2,855	-	-	2,855
Conference, Convention, Meeting	-	1,571	-	1,571
Benevolence	1,487	-	-	1,487
Total Functional Expenses	<u><u>\$ 772,766</u></u>	<u><u>\$ 466,655</u></u>	<u><u>\$ 44,701</u></u>	<u><u>\$ 1,284,122</u></u>

Global Outreach Developments Int'l

Notes to Financial Statements

December 31, 2011

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, 2011, there were \$85,471 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, 2011, 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, 2011. 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 a project which had not been placed in service as of December 31, 2011. The project consists of housing dorms adjacent to their primary institute location. The dorms were placed in service during 2012.

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.

Effective January 1, 2009, the Organization adopted the guidance in ASC 740 on accounting for uncertainty in income taxes (formerly FIN 48). 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, 2011.

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 – LEASE COMMITMENTS

The Organization leases multiple residential dwellings under non-cancelable leases expiring during the 2012 fiscal year. The dwellings are sub-leased to institute students for the cost of the lease plus an administrative fee. As of December 31, 2011 the total future minimum lease payments due during the year ended December 31, 2012 & 2013 are \$36,236 and \$11,200 respectively.

NOTE 5 – 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 \$205,000 in donations from a single donor during 2011.

NOTE 6 – LONG-TERM DEBT

Long-Term Debt consists of the following at December 31, 2011:

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.	\$162,879
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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
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A \$25,000 loan payable to an individual bearing zero percent interest. The balance is due in full in October 2013.	25,000
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A \$10,000 loan payable to an individual bearing zero percent interest. The balance is due in full in September 2012.	10,000
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Total Notes Payable	207,879
Less: Current Portion	(39,015)
Long-Term Portion	\$168,864

NOTE 7 – 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 8 – 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 event production services. The Organization has loaned this entity \$10,000 bearing zero percent interest payable in December 2013.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2012, the date that the financial statements were available to be issued.