Global Outreach Developments International

Financial Statements
December 31, 2016

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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, 2016, 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.

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, 2016, 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.
June 9, 2017

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Global Outreach Developments International
Statement of Financial Position
December 31, 2016

Assets

Current Assets:	
Cash in Bank	$ 472,445
Receivables	94,163
Prepaid Expenses	5,117
Total Current Assets	571,725
Fixed Assets:	
Land & Buildings	1,697,270
Furniture & Equipment	357,294
Vehicles	26,408
Less: Accumulated Depreciation	(449,631)
Net Fixed Assets	1,631,341
Other Assets:	
Construction in Progress	24,421
Net Other Assets	24,421
Total Assets	$ 2,227,487

Liabilities and Net Assets

Current Liabilities:	
Accounts Payable and Accrued Expenses	$ 22,015
Credit Cards Payable	18,221
Deferred Revenue	18,544
Current portion of Notes Payable	93,842
Total Current Liabilities	152,622
Long-term Debt:	
Notes Payable	758,190
Loan Origination Fees, Net	(10,849)
Total Long-Term Liabilities	747,341
Total Liabilities	899,963
Net Assets:	
Unrestricted Net Assets	1,217,427
Temporarily Restricted Net Assets	110,097
Total Net Assets	1,327,524
Total Liabilities and Net Assets	$ 2,227,487

Global Outreach Developments International
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and Support:			
Contributions & Grants	$ 514,941	$ 403,796	$ 918,737
Institute and Academy	346,268	-	346,268
Itinerant Accomodation Rent	111,514	-	111,514
Service Revenue	550,588	-	550,588
Other Income	105,835	-	105,835
In-Kind Contributions	559,320	-	559,320
Net Assets Released from Restriction	447,139	(447,139)	-
Total Revenues and Support	2,635,605	(43,343)	2,592,262
Expenses:			
Program Services	1,685,947	-	1,685,947
Fundraising	12,908	-	12,908
General and Administrative	518,587	-	518,587
Total Expenses	2,217,442	-	2,217,442
Change in Net Assets	418,163	(43,343)	374,820
Net Assets - Beginning of Year	799,264	153,440	952,704
Net Assets - End of the Year	$ 1,217,427	$ 110,097	$ 1,327,524

See Notes to the Financial Statements

Global Outreach Developments International
Statement of Cash Flows
For the Year Ended December 31, 2016

Cash Flows from Operating Activities:		
Change in Net Assets	$	374,820
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		75,682
Interest Expense Allocated to Debt Issuance Costs		4,737
In-Kind Contribution of Fixed Assets		(36,386)
Gain on Sale of Fixed Assets		(72,427)
Increase in Receivables		(32,445)
Decrease in Prepaid Expenses		8,854
Increase in Accounts Payables and Accrued Expenses		12,641
Decrease in Credit Card Payables		(30,586)
Increase in Deferred Revenue		5,535
Total Adjustments		(64,395)
Net Cash Provided by Operating Activities		310,425
Cash Flows from Investing Activities		
Purchase of Fixed Assets		(280,079)
Proceeds from Sale of Fixed Assets		153,600
Net Cash Used for Investing Activities		(126,479)
Cash Flows from Financing Activities		
Payments on Notes Payable		(161,465)
Net Cash Used for Financing Activities		(161,465)
Net Increase in Cash		22,481
Cash, Beginning of the Year		449,964
Cash, End of Year	$	472,445
Supplemental Cash Flow Information:		
Interest Paid	$	45,395

Global Outreach Developments International
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services	General and Administrative	Fundraising	Total
Salaries and Benefits	$ 364,954	$ 190,899	$ 5,614	$ 561,467
Program Facilitation	743,899	70,226	-	814,125
3rd World Development	340,216	-	-	340,216
Repairs and Maintenance	8,760	75,337	-	84,097
Utilities	40,494	40,493	-	80,987
Depreciation & Amortization	37,841	37,841	-	75,682
Benevolence	65,767	91	-	65,858
Interest Expense	25,066	25,066	-	50,132
Rent Expense	-	24,555	-	24,555
Information Technology & Software	15,885	6,712	-	22,597
Other Expenses	315	11,204	7,294	18,813
Insurance Expense	13,270	4,912	-	18,182
Professional Services	-	16,692	-	16,692
Educational Materials	6,860	3,215	-	10,075
Telephone & Internet	5,832	3,729	-	9,561
Printing & Postage	4,493	4,625	-	9,118
Office Expenses	4,396	911	-	5,307
Travel	2,708	1,153	-	3,861
Taxes & Licenses	2,560	709	-	3,269
Bank & Credit Card Fees	2,631	217	-	2,848
Total Functional Expenses	$ 1,685,947	$ 518,587	$ 12,908	$ 2,217,442

Global Outreach Developments International

Notes to Financial Statements

December 31, 2016

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 is an educational institution, a community service organization, and a third world development agency. As an educational institution the Organization operates a college that trains community service leaders and development workers. The Organization also has a K-12 school, and tutorial program that focuses on alternative approaches to Primary and Secondary education, utilizing progressive and innovative teaching techniques. With regard to community service, the Organization mobilizes thousands of volunteers per year, to perform services for the elderly, the widow, the disabled, and the poor, including the refugee and immigrant. As a development agency, the Organization empowers third world communities by initiating works related to meeting their basic needs and advancing their health as a society. This includes works related to accessing water, public health, literacy & education, sustainable building, and agriculture. The Organization also has performing arts programs to create awareness of the causes they champion.

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.

Change in Accounting Principle

The Organization has adopted the guidance in ASC 835-30-45 on accounting debt issuance costs. Debt issuance costs are no longer being shown as prepaid expenses and are being shown as a direct reduction to the total liability. Debt Issuance costs are disclosed in Note 6. The Organization recorded interest expense related to debt issuance costs of $4,737 during the year ended December 31, 2016.

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, 2016, there were $110,097 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, 2016, 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, 2016. 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, 2016.

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, 2016. 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, 2016 the Organization's financial statements reflect donations of goods valued at $42,480, and donations of services totaling $516,840. All of the donated services were related to program facilitation.

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, 2016.

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 – NOTES PAYABLE

Notes Payable consists of the following at December 31, 2016:

	Principal	Unamortized Debt Issuance Costs
A bank 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.	$332,443	$ -
A bank note bearing interest at a rate of 4.75% collateralized by real property and guaranteed by third parties. The effective interest rate is 5.81% when taking into consideration the debt issuance costs. Monthly principal and interest payments of $1,938 are due until April of 2019 at which time the remaining balance is due.	271,989	6,113
A bank note bearing interest at a rate of 4.75% collateralized by real property and guaranteed by third parties. The effective interest rate is 5.47% when taking into consideration the debt issuance costs. Monthly principal and interest payments of $3,156 are due until April of 2020 at which time the remaining balance is due.	247,600	4,736
Total Notes Payable	$852,032	$10,849
Less: Current Portion of notes payable	(93,842)	
Long-Term Portion	$758,190	

Future principal payments are as follows:

2017	2018	2019	2020	2021	Thereafter
$93,842	$312,761	$279,554	$165,875	$ 0	$ 0

NOTE 6 – 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, 2016, the Organization received contributions and expense reimbursements from the following related parties:

Details Nashville, LLC	$36,528
Hopewell Family Care, PLLC	33,402
Music City Handymen, LLC	9,772
Nova Birth Services, LLC	16,722
Nyumba Food Services, LLC	25,192
Total	$121,616

The contributions are included in Contribution Revenue and the expense reimbursements have been reflected as direct reductions to the related expense accounts.

The Organization also has the following receivables from related parties at December 31, 2016:

Details Nashville, LLC	$13,123
Music City Handymen, LLC	8,918
Nyumba Food Services, LLC	15,019
Hopewell Family Care, PLLC	262
Nova Birth Services, LLC	10,161
Total	$47,483

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 9, 2017, the date that the financial statements were available to be issued.