

Global Outreach Developments Int'l

Financial Statements
December 31, 2010

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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 nonprofit organization) as of December 31, 2010, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 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.

Because certain previous year records and supporting data were not available we were not able to satisfy ourselves about the statement of financial position account balances as of December 31, 2009. The statement of financial position account balances as of December 31, 2009 could materially affect the statements of activities and changes in net assets, cash flows and statement of functional expenses for the year ended December 31, 2010.

Because of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the results of the statements of activities and changes in net assets, cash flows and functional expenses for the year ended December 31, 2010.

In our opinion, the statement of financial position referred to in the first paragraph presents fairly, in all material respects, the financial position of Global Outreach Developments Int'l as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

McKerley & Noonan

McKerley & Noonan, P.C.
September 27, 2011

Global Outreach Development International
Statement of Financial Position
December 31, 2010

Assets

Current Assets:

Cash in Bank	\$ 112,342
Receivables	6,701
Total Current Assets	119,043

Fixed Assets:

Land & Buildings	381,000
Furniture & Equipment	211,700
Vehicles	18,700
Less: Accumulated Depreciation	(73,786)
Net Fixed Assets	537,614

Total Assets	\$ 656,657
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 5,256
Credit Cards Payable	88,721
Payroll Liabilities	25,391
Total Current Liabilities	119,368

Long-Term Debt	283,674
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Total Liabilities	403,042
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Net Assets:

Unrestricted Net Assets	206,130
Temporarily Restricted Net Assets	47,485
Total Net Assets	253,615

Total Liabilities and Net Assets	\$ 656,657
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Global Outreach Developments Int'l
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support:			
Contributions	\$ 214,052	\$ 426,781	\$ 640,833
In-Kind Contributions	109,564	-	109,564
Tuition	214,468	-	214,468
Cafeteria	123,431	-	123,431
Housing	240,062	-	240,062
Other Income	34,837	-	34,837
Net assets released from Restriction	379,296	(379,296)	-
Total Revenues and Support	<u>1,315,710</u>	<u>47,485</u>	<u>1,363,195</u>
Expenses:			
Program Services	693,231	-	693,231
Fundraising	41,095	-	41,095
General and Administrative	538,042	-	538,042
Total Expenses	<u>1,272,368</u>	<u>-</u>	<u>1,272,368</u>
Change in Net Assets	43,342	47,485	90,827
Net Assets, Beginning of the Year	<u>162,788</u>	<u>-</u>	<u>162,788</u>
Net Assets - End of the Year	<u>\$ 206,130</u>	<u>\$ 47,485</u>	<u>\$ 253,615</u>

Global Outreach Developments Int'l
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 90,827
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	42,040
In-Kind Contributions	(109,564)
Increase (Decrease) in Accounts and Notes Receivable	(6,701)
(Increase) Decrease in Accounts Payable and Other Liabilities	(9,130)
Total Adjustments	<u>(83,355)</u>
Net Cash Provided by Operating Activities	<u>7,472</u>
 Cash Flows from Financing Activities	
Payments on Long-Term Debt	<u>(64,130)</u>
Net Cash Used for Financing Activities	<u>(64,130)</u>
 Net Decrease in Cash	 (56,658)
 Cash, Beginning of the Year	 <u>169,000</u>
 Cash, End of Year	 <u><u>\$ 112,342</u></u>
 Supplemental Cash Flow Information:	
Interest Paid	\$ 33,482

Global Outreach Developments Int'l
Statement of Functional Expenses
For the Year Ended December 31, 2010

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
3rd World Development	\$ 45,843	\$ 10,076	\$ -	\$ 55,919
Community Feeding Program	37,871	29,005	-	66,876
Community Service Projects	13,389	4,369	-	17,758
Depreciation	-	42,040	-	42,040
Destitute Care	25,922	-	-	25,922
Development Training School	24,844	-	-	24,844
Facilities and Equipment	305	11,477	-	11,782
Food Donations	5,283	-	-	5,283
Insurance - General	-	4,390	-	4,390
Interest Expense	-	33,482	-	33,482
Leased Facilities	168,005	28,844	-	196,849
Office Expenses	834	2,566	-	3,400
Other Expenses	5,742	6,522	-	12,264
Professional Services	15,319	-	-	15,319
Program Facilitation	64,157	107,719	-	171,876
Repairs and Maintenance	2,131	9,925	-	12,056
Salaries and Benefits	164,380	168,116	41,095	373,591
Telephone and Internet	-	17,969	-	17,969
Travel	101,812	30,298	-	132,110
Utilities	-	31,244	-	31,244
Widow & Orphan Care	17,394	-	-	17,394
Total Functional Expenses	<u><u>\$ 693,231</u></u>	<u><u>\$ 538,042</u></u>	<u><u>\$ 41,095</u></u>	<u><u>\$ 1,272,368</u></u>

Global Outreach Developments Int'l

Notes to Financial Statements

December 31, 2010

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.

Global Outreach Development International 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 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, 2010, there were \$47,485 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, 2010, 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.

Fixed Assets

Fixed assets are recorded at cost and are depreciated using the straight-line method 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.

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 2007. The Organization incurred no interest or penalties during the year ended December 31, 2010.

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 2011 fiscal year. The dwellings are sub-leased to institute students for the cost of the lease plus an administrative fee. As of December 31, 2010 the total future minimum lease payments due during the year ended December 31, 2011 are \$94,250.

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 \$90,000 in donations from a single donor during 2010.

NOTE 6 – LONG-TERM DEBT

Long-Term Debt consists of a single bank note bearing an interest rate of 7.25% with a balance of \$283,674 at December 31, 2010 collateralized by property and a building. The note is co-signed by a supporter of the organization. The organization has made additional principal payments than what is stipulated by the note agreement. As a result, there is no current portion of the note that is due during fiscal year 2011; the balance of \$283,674 is due in full in 2013.

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 CREDIT CARDS PAYABLE

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.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2011, the date that the financial statements were available to be issued.