

Global Outreach Developments International

Financial Statements
December 31, 2015

Table of Contents

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows.....	5
Statement of Functional Expenses.....	6
Notes to Financial Statements	7
Note 1 - Description and Purpose of the Organization.....	8
Note 2 - Summary of Significant Accounting Policies	8
Note 3 – Credit Risk.....	10
Note 4 – Concentrations	11
Note 5 – Notes Payable.....	11
Note 6 – Related Party Transactions.....	11
Note 7 – Subsequent Events	12

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, 2015, 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)

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, 2015, 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 and Noonan, P.C.
Nashville, Tennessee
September 12, 2016

Global Outreach Developments International
Statement of Financial Position
December 31, 2015

Assets

Current Assets:

Cash in Bank	\$ 449,964
Receivables	61,718
Prepaid Expenses	13,971
Total Current Assets	525,653

Fixed Assets:

Land & Buildings	1,384,930
Furniture & Equipment	364,364
Vehicles	31,064
Less: Accumulated Depreciation	(401,429)
Net Fixed Assets	1,378,929

Other Assets:

Construction in Progress	117,223
Loan Origination Fees, Net	15,586
Net Other Assets	132,809

Total Assets	\$ 2,037,391
---------------------	---------------------

Liabilities and Net Assets

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 9,374
Credit Cards Payable	48,807
Deferred Revenue	13,009
Current portion of Notes Payable	89,571
Total Current Liabilities	160,761

Long-term debt:

Notes Payable	923,926
Total Long-Term Liabilities	923,926

Total Liabilities	1,084,687
--------------------------	------------------

Net Assets:

Unrestricted Net Assets	799,264
Temporarily Restricted Net Assets	153,440
Total Net Assets	952,704

Total Liabilities and Net Assets	\$ 2,037,391
---	---------------------

Global Outreach Developments International
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Support:			
Contributions & Grants	\$ 542,163	\$ 228,710	\$ 770,873
Tuition	288,352	-	288,352
School Lunch Program	44,276	-	44,276
Itinerant Accomodation Rent	105,881	-	105,881
Service Revenue	480,245	-	480,245
Other Income	27,789	-	27,789
In-Kind Contributions	115,845	-	115,845
Net Assets Released from Restriction	185,089	(185,089)	-
Total Revenues and Support	<u>1,789,640</u>	<u>43,621</u>	<u>1,833,261</u>
Expenses:			
Program Services	1,083,442	-	1,083,442
Fundraising	12,569	-	12,569
General and Administrative	461,074	-	461,074
Total Expenses	<u>1,557,085</u>	<u>-</u>	<u>1,557,085</u>
Change in Net Assets	232,555	43,621	276,176
Net Assets - Beginning of Year	<u>566,709</u>	<u>109,819</u>	<u>676,528</u>
Net Assets - End of the Year	<u><u>\$ 799,264</u></u>	<u><u>\$ 153,440</u></u>	<u><u>\$ 952,704</u></u>

Global Outreach Developments International
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash Flows from Operating Activities:

Change in Net Assets \$ 276,176

Adjustments to Reconcile Change in Net Assets

to Net Cash Provided by Operating Activities:

Depreciation & Amortization	68,599
In-Kind Contribution of Fixed Assets	(13,400)
Gain on Sale of Fixed Assets	(194)
Increase in Receivables	(27,029)
Decrease in Prepaid Expenses	12,346
Decrease in Due from Related Parties	45,000
Increase in Accounts Payables and Accrued Expenses	6,308
Increase in Credit Card Payables	4,625
Increase in Deferred Revenue	4,259

Total Adjustments	<u>100,514</u>
--------------------------	----------------

Net Cash Provided by Operating Activities	<u>376,690</u>
--	----------------

Cash Flows from Investing Activities

Purchase of Fixed Assets	(263,318)
Proceeds from Sale of Fixed Assets	<u>10,000</u>

Net Cash Used for Investing Activities	<u>(253,318)</u>
---	------------------

Cash Flows from Financing Activities

Proceeds from Notes Payable	300,000
Loan Origination Fees	(7,817)
Payments on Notes Payable	<u>(81,387)</u>

Net Cash Used for Financing Activities	<u>210,796</u>
---	----------------

Net Increase in Cash	334,168
-----------------------------	---------

Cash, Beginning of the Year	<u>115,796</u>
------------------------------------	----------------

Cash, End of Year	<u><u>\$ 449,964</u></u>
--------------------------	--------------------------

Supplemental Cash Flow Information:

Interest Paid	\$ 37,944
---------------	-----------

Global Outreach Developments International
Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Services	General and Administrative	Fundraising	Total
Salaries and Benefits	\$ 356,823	\$ 235,866	\$ 12,096	\$ 604,785
Program Facilitation	215,465	17,833	-	233,298
3rd World Development	227,893	-	-	227,893
Depreciation & Amortization	11,675	56,924	-	68,599
School Lunch Expense	65,644	-	-	65,644
Utilities	32,422	21,615	-	54,037
Repairs and Maintenance	30,515	20,343	-	50,858
Hospitality	40,865	-	-	40,865
Interest Expense	22,766	15,178	-	37,944
Other Expenses	25,870	9,951	473	36,294
Professional Services	-	33,072	-	33,072
Benevolence	21,223	1,475	-	22,698
Telephone & Internet	12,004	3,999	-	16,003
Rent Expense	725	15,135	-	15,860
Insurance Expense	-	15,640	-	15,640
Development Training School	8,980	2,766	-	11,746
Printing & Postage	301	9,090	-	9,391
Travel	4,664	-	-	4,664
Taxes & Licenses	3,120	1,180	-	4,300
Bank & Credit Card Fees	1,757	330	-	2,087
Office Expenses	730	677	-	1,407
Total Functional Expenses	\$ 1,083,442	\$ 461,074	\$ 12,569	\$ 1,557,085

Global Outreach Developments International

Notes to Financial Statements

December 31, 2015

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 runs 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.

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, 2015, there were \$153,440 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, 2015, 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, 2015. 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, 2015.

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, 2015. 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, 2015 the Organization's financial statements reflect donations of goods valued at \$16,515, and donations of services totaling \$99,330. Of the services donated, \$68,509 were for program facilitation, \$20,562 were professional services, and \$10,259 were repairs and maintenance.

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, 2015.

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, 2015:

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.	\$450,447
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 \$1,938 are due until April of 2019 at which time the remaining balance is due.	282,207
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 \$3,156 are due until April of 2020 at which time the remaining balance is due.	280,843
Total Notes Payable	<u>\$1,013,497</u>
Less: Current Portion of notes payable	<u>(89,571)</u>
Long-Term Portion	<u><u>\$923,926</u></u>

Future principal payments are as follows:

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Thereafter</u>
\$89,571	\$93,944	\$375,888	\$279,949	\$174,145	\$ 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 has 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, 2015, the Organization received contributions and expense reimbursements from the following related parties:

Details Nashville	\$71,112
Music City Handymen, LLC	22,794
Nyumba Food Services, LLC	14,420
Hopewell Family Care, PLLC	18,084
Nova Birth Services, LLC	20,935
Total	<u>\$147,345</u>

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, 2015:

Details Nashville	\$1,817
Music City Handymen, LLC	2,400
Nyumba Food Services, LLC	9,960
Hopewell Family Care, PLLC	135
Nova Birth Services, LLC	91
Total	<u>\$14,403</u>

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 12, 2016, the date that the financial statements were available to be issued.