

GLOBAL ACTION

**FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Global Action:

We have audited the accompanying financial statements of Global Action (the Organization) (a non-profit organization) which comprise the statement of financial position as of September 30, 2020, and the related statements 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

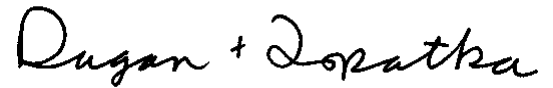
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

To the Board of Directors of
Global Action
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Action as of September 30, 2020, 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.

A handwritten signature in black ink that reads "Dugan + Lopatka". The script is cursive and fluid.

DUGAN & LOPATKA

Warrenville, Illinois
June 22, 2021

GLOBAL ACTION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 148,330
Prepaid expenses	5,230
	153,560
Total current assets	153,560

PROPERTY AND EQUIPMENT, net

48,262

Total assets

\$ 201,822

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Note payable, current maturities	\$ 10,317
Accounts payable	8,740
Accrued expenses	11,495
	30,552
Total current liabilities	30,552

LONG-TERM LIABILITIES:

Note payable, net of current maturities	38,341
	38,341
Total long-term liabilities	38,341

NET ASSETS:

Without donor restrictions	124,336
With donor restrictions	8,593
	132,929
Total net assets	132,929

Total liabilities and net assets

\$ 201,822

The accompanying notes are an integral part of this statement.

GLOBAL ACTION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Contributions	\$ 581,248	\$ 98,830	\$ 680,078
Donated services	2,880	-	2,880
Interest income	224	-	224
Miscellaneous income	140	-	140
Net assets released from restrictions	112,830	(112,830)	-
	<u>697,322</u>	<u>(14,000)</u>	<u>683,322</u>
EXPENSES:			
Program	398,940	-	398,940
Management and general	183,852	-	183,852
Fundraising	72,794	-	72,794
	<u>655,586</u>	<u>-</u>	<u>655,586</u>
Change in net assets	41,736	(14,000)	27,736
NET ASSETS, beginning of year	<u>82,600</u>	<u>22,593</u>	<u>105,193</u>
NET ASSETS, end of year	<u>\$ 124,336</u>	<u>\$ 8,593</u>	<u>\$ 132,929</u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 27,736
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	7,408
Decrease in prepaid expenses	2,273
(Decrease) in accounts payable	(962)
(Decrease) in accrued liabilities	<u>(1,490)</u>
Net cash provided by operating activities	<u>34,965</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	<u>(7,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on notes payable	<u>48,658</u>
Net cash provided by financing activities	<u>48,658</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	76,623
CASH AND CASH EQUIVALENTS, beginning of year	<u>71,707</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 148,330</u></u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 124,138	\$ 53,455	\$ 40,354	\$ 217,947
Payroll taxes	24,185	10,661	8,047	42,893
Total salaries and payroll taxes	148,323	64,116	48,401	260,840
Consulting services	-	26,553	11,218	37,771
Legal	-	3,685	-	3,685
Accounting	-	40,093	-	40,093
Charitable registration fees	-	-	1,615	1,615
Marketing and Promotion	-	-	6,089	6,089
Office expenses	-	9,618	-	9,618
Computer expenses	-	3,455	-	3,455
Travel	14,102	22,020	329	36,451
Conferences and conventions	-	264	5,142	5,406
Interest expense	-	1,653	-	1,653
Insurance	-	2,891	-	2,891
Grants	224,757	-	-	224,757
Ministry expenses	11,758	-	-	11,758
Staff development	-	2,096	-	2,096
Depreciation	-	7,408	-	7,408
Total functional expenses	<u>\$ 398,940</u>	<u>\$ 183,852</u>	<u>\$ 72,794</u>	<u>\$ 655,586</u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Global Action (the Organization) is an organization that its main mission is to see the great commission fulfilled by training pastors, making disciples, and changing the world.

The financial statements were available to be issued on June 22, 2021, with subsequent events being evaluated through this date.

The following summarizes the significant accounting policies and practices reflected in the accompanying financial statements:

Basis of Accounting -

The Organization maintains its financial statements on the accrual basis of accounting which recognizes the support and revenue as it is earned and expenses as they are incurred.

Financial Statement Presentation -

The financial statements of the Organization have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

With donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Property and Equipment -

Property and equipment are stated at cost. Donated assets are recorded at their fair market value on the date of donation. The Organization capitalizes all expenditures for fixed assets over \$1,000. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the respective assets when placed in service. Upon sale or retirement, the cost and related accumulated depreciation and amortization are eliminated from the respective account and the resulting gain or loss is included in the statement of activities. Repairs and maintenance charges are expensed as incurred. Depreciation expenses for the year ended September 30, 2020 was \$7,408.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Contribution -

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization did not have unrelated business income for the year ended September 30, 2020. Accordingly, no provision for income tax has been established.

The Organization files income tax returns in the U.S. federal jurisdiction and various states. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Functional Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to a program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may vary from those estimates.

(2) CONCENTRATION OF CREDIT RISK:

The Organization places its cash and deposits with high quality financial institutions; however, deposits may exceed the federally insured limits from time to time.

(3) PROPERTY AND EQUIPMENT:

A summary of the fixed assets for the year ended September 30, 2020 as follows:

Website development	\$ 10,000
Curriculum development	50,744
Vehicles & equipment	<u>2,200</u>
Total property and equipment	62,944
Less: Accumulated depreciation	<u>(14,682)</u>
Property and equipment, net	<u>\$ 48,262</u>

(4) NOTE PAYABLE:

Payroll Protection Program (PPP) loan payable to a bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, interest at 1% with the amount to be repaid in equal installments of principal and interest, beginning at the earlier of the date the SBA remits the loan forgiveness amount or 10 months after the end of the forgivable covered period, with the final payment due April 2022 consisting of interest and the entirety of the principal. As part of the loan agreement, a portion can be forgiven. The Organization intends to maximize the forgivable portion of this loan. The Organization has adopted ASC 470 account for the PPP loan and will record a gain from the forgiven portion of the loan when it is forgiven

	\$ 48,658
Less - Current portion	<u>10,317</u>
Long-term portion	<u>\$ 38,341</u>

Aggregate maturities required on long-term debt as of September 30, 2020 are due to in future year as follows:

2022	\$ 38,341
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(5) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following program:

Compassion project	\$	8,593
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(6) INTERNATIONAL OPERATIONS:

The Organization reimburses its member organizations for the expenses they incur in fulfillment of their ministries. These expenses are paid through both unrestricted and donor restricted funds. Members provide regular monthly accounting reports for reimbursement of expenses. In addition, periodically, the Organization requests documentation from its members for their expenses. Total reimbursed grant and ministry expenses for the year ended September 30, 2020, were \$236,515.

(7) EMPLOYEE RETIREMENT PLAN:

The Organization contributes to a 403(b) tax deferred retirement annuity plan. The plan covers all full-time and part-time employees. The Organization contributes 6% of the employee's salary after one full year of employment. In addition, the Organization contributes an additional 2% for employees who contribute 2% with their own salary . Employer contributed expenses for the year ended September 30, 2020 was \$6,453.

(8) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, as follows:

Financial assets:		
Cash and cash equivalents	\$	148,330
Less: Donor imposed restrictions		<u>(8,593)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>139,737</u>

The Organization manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability.
- incurring unbudgeted costs only when such costs are funded.
- maintaining adequate liquid assets to fund near-term operating needs.

(9) MANAGEMENT'S RESPONSE TO COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19), a global pandemic and recommended containment and mitigation measures worldwide. As a part of these mitigation measures, the Organization had countered with an almost immediate creation of a revised budget by the executive team. In addition, the Organization applied for and received the Small Business Administration's Payroll Protection Program forgivable loan. As a part of revised budget, the Organization deferred all discretionary spending, cancelled, and postponed program training (in alignment with country restrictions), and shifted a portion of budgeted program spending to board-approved emergency "compassion" relief in the form of food distribution through alumni and pastor networks in each of our countries of operation, which resulted in decreased public support and the Organization's ability to assist overseas.

In response to the effects of COVID-19, the Organization's board members are implementing strategies to help mitigate the losses in relation to this pandemic. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact operations and financial statements.

(10) SUBSEQUENT EVENT:

Subsequent to year end, the Organization was notified by the Small Business Administration (SBA) that its Payroll Protection Program loan was forgiven in the full amount of \$48,658.