



**GLOBAL ACTION
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS
With Independent Accountants' Review Report

September 30, 2014 and 2013

GLOBAL ACTION AND AFFILIATES

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Global Action and Affiliates
Colorado Springs, Colorado

We have reviewed the accompanying consolidated statement of financial position of Global Action and Affiliates as of September 30, 2014 and 2013, and the related consolidated statements of activities and cash flows for the year then ended.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Colorado Springs, Colorado
April 8, 2015

GLOBAL ACTION AND AFFILIATES

Consolidated Statements of Financial Position

	September 30,	
	2014	2013
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 103,127	\$ 82,475
Accounts receivable	60,268	4,125
Other assets	4,824	4,479
Inventory held for sale	5,336	5,382
Gift-in-kind inventory	4,039	4,794
	177,594	101,255
Property and equipment–net	290,876	572,027
Total Assets	\$ 468,470	\$ 673,282
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 491,086	\$ 532,472
Accrued expenses	147,043	96,456
	638,129	628,928
Notes payable	4,015	5,503
	642,144	634,431
Net assets:		
Unrestricted:		
Operating	(640,590)	(706,411)
Equity related to gift-in-kind inventory	4,039	4,794
Equity in property and equipment	290,876	572,027
	(345,675)	(129,590)
Temporarily restricted	172,001	168,441
	(173,674)	38,851
Total Liabilities and Net Assets	\$ 468,470	\$ 673,282

See accompanying notes and independent accountants' review report

GLOBAL ACTION AND AFFILIATES

Consolidated Statements of Activities

	Year Ended September 30,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE:						
Support:						
Contributions	\$ 323,396	\$ 303,433	\$ 626,829	\$ 1,057,640	\$ 381,859	\$ 1,439,499
Gift-in-kind contributions	12,802	-	12,802	408,800	-	408,800
Investment income	1,513	-	1,513	847	-	847
Other income (loss)	56,350	-	56,350	41,909	-	41,909
Total Support and Revenue	394,061	303,433	697,494	1,509,196	381,859	1,891,055
NET ASSETS RELEASED:						
Purpose restrictions	202,517	(202,517)	-	299,807	(299,807)	-
Administrative assessments	97,356	(97,356)	-	92,714	(92,714)	-
Total Reclassifications	299,873	(299,873)	-	392,521	(392,521)	-
EXPENSES:						
Program services	627,651	-	627,651	1,426,164	-	1,426,164
Supporting activities:						
General and administrative	137,366	-	137,366	158,656	-	158,656
Fund-raising	145,002	-	145,002	226,167	-	226,167
	282,368	-	282,368	384,823	-	384,823
Total Expenses	910,019	-	910,019	1,810,987	-	1,810,987
Change in Net Assets	(216,085)	3,560	(212,525)	90,730	(10,662)	80,068
Net Assets, Beginning of Year	(129,590)	168,441	38,851	(220,320)	179,103	(41,217)
Net Assets, End of Year	\$ (345,675)	\$ 172,001	\$ (173,674)	\$ (129,590)	\$ 168,441	\$ 38,851

See accompanying notes and independent accountants' review report

GLOBAL ACTION AND AFFILIATES

Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (212,525)	\$ 80,068
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	39,883	44,712
Loss on disposal of property and equipment	13,968	-
Changes in operating assets and liabilities:		
Accounts receivable	(56,143)	1,757
Other assets	(345)	9,947
Gift-in-kind inventory	755	7,881
Inventory held for sale	46	510
Accounts payable and accrued expenses	9,201	(115,710)
Net Cash Provided (Used) by Operating Activities	(205,160)	29,165
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on disposal of property and equipment	227,300	-
Net Cash Provided by Investing Activities	227,300	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from new borrowings	-	1,839
Payments on note payable	(1,488)	(3,429)
Net Cash Used by Financing Activities	(1,488)	(1,590)
Net Change in Cash and Cash Equivalents	20,652	27,575
Cash and Cash Equivalents, Beginning of Year	82,475	54,900
Cash and Cash Equivalents, End of Year	\$ 103,127	\$ 82,475

See accompanying notes and independent accountants' review report

GLOBAL ACTION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

1. NATURE OF ORGANIZATIONS:

Global Action is a nonprofit, religious corporation that was incorporated during 1998, whose purpose is to declare the Kingdom of God in word and deed to people around the world. Support for the corporation is raised mainly through contributions from individuals, churches, and other organizations.

Under applicable laws and regulations, Global Action has been determined to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Service Code (the Code) and is not a private foundation under Section 509(a) of the Code.

Global Action works with affiliated field organizations in the United Kingdom, Sweden, Sri Lanka, Nepal, India, El Salvador, Honduras, and Ukraine. The assets, liabilities, and activities of these affiliated organizations are consolidated with Global Action as Global Action controls these affiliates through economic dependence and board representation.

Global Action and Affiliates (collectively GA) are committed to partnerships that effectively minister in five strategic areas. These include:

Evangelism and Outreach - Crusades, Scripture distribution, and special youth evangelism.

Training and Motivation - Pastors conferences, leadership training, Global Modular Studies (GLOMOS), and seminars.

Compassion - Emergency relief and disaster aid to those in crisis. GA also seeks to meet the physical needs of individuals through gift-in-kind contributions such as medical equipment and supplies.

Children and Youth - Summer camps for orphans and street children, short-term outreach programs, and youth training conferences.

Multiplication - Church planting, vision building, and mentoring.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

GA maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The preparation of consolidated 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 and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

GLOBAL ACTION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of GA include the consolidated financial resources and activities of Global Action and eight affiliated organizations in the United Kingdom, Sweden, Sri Lanka, El Salvador, Honduras, Ukraine, India, and Nepal. All intercompany balances and transactions have been eliminated in the consolidation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and savings accounts. These accounts may, at times, exceed federally insured limits. GA has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk related to cash and cash equivalents.

INVENTORY HELD FOR SALE

Inventory consists of items such as clothing, books, and other materials purchased by GA or donated to GA by donors. Purchased inventory is recorded at the lower of cost or fair market value. GA reports its gifts-in-kind based on market sources and inputs to estimate fair value using an exit price notion.

GIFT-IN-KIND INVENTORY

Gift-in-kind inventory consists of items donated to GA by donors such as medical equipment, furniture, books, food, and vehicles to be used for international programs. Gift-in-kind inventory consists of inventory that has been shipped to GA's international locations but not yet disbursed to the local people groups. Gift-in-kind revenue also consists of donated rent for office space. These items are recorded at fair market value on the date of the donation. Gift-in-kind revenue for the years ended September 30, 2014 and 2013 was \$12,802 and \$408,800, respectively.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, or if donated, at fair value as of the date of the gift. Property donated with restrictions regarding its use and contributions of cash to acquire property are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired or placed in service, and a reclassification is made from temporarily restricted net assets to unrestricted net assets at that time. Depreciation is provided by the straight-line method over the estimated useful lives of three to forty years. Purchases in excess of \$1,000 are capitalized with lesser amounts expensed in the year of purchase.

NET ASSETS

Net assets include the following classes:

Unrestricted net assets include resources that are used to support GA's current operations and provide for the long-term needs of GA and those resources invested in property and equipment and gift-in-kind inventory.

Temporarily restricted net assets include donor restricted contributions for ministry projects of GA.

GLOBAL ACTION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Property and other non-cash gifts are recorded at their estimated fair market value on the date of donation.

ALLOCATION OF EXPENSES

The costs of providing various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

INTERNATIONAL OPERATIONS

As of September 30, 2014 and 2013, current assets in other countries, including cash and cash equivalents, inventory, and other assets, totaled \$72,209 and \$58,227, respectively; and current liabilities, including accounts payable and accrued expenses, amounted to \$150,686 and \$147,209, respectively. Total support and revenue received from international sources amounted to \$99,132 and \$243,375 during the years ended September 30, 2014 and 2013, respectively.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statements of activities. As of September 30, 2014, Global Action had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

GA's federal Exempt Organization Business Income Tax Returns (Form 990) for the years ended September 30, 2013, 2012, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

GLOBAL ACTION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	September 30,	
	2014	2013
U.S.:		
Furniture and equipment	\$ 150,078	\$ 150,078
Overseas:		
India building improvements and equipment	360,809	360,809
India land	34,211	34,211
Latin America buildings and equipment	10,304	10,304
Nepal furniture and equipment	4,600	4,600
Ukraine camp	-	205,997
Ukraine furniture and equipment	-	183,705
Ukraine buildings	-	108,274
	<u>560,002</u>	<u>1,057,978</u>
Accumulated depreciation and amortization	<u>(269,126)</u>	<u>(485,951)</u>
	<u>\$ 290,876</u>	<u>\$ 572,027</u>

Management has reviewed the assets in other countries and has determined that they are under the control and ownership of GA. The political situation in many countries is subject to rapid change, and therefore, while management believes the assets are properly stated at the date of this report, subsequent changes could occur that would adversely affect the realizable value of the assets in other countries. Additionally, the carrying value of the assets in other countries may not be representative of the amount that would be realized should the assets be sold.

GLOBAL ACTION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

4. NOTES PAYABLE:

Notes payable consist of:

	September 30,	
	2014	2013
Revolving line of credit for equipment, with no set maturity, annual interest at 22%.	\$ 3,053	\$ 4,509
Revolving line of credit in Honduras, with no set maturity date or interest rate.	962	994
	<u>\$ 4,015</u>	<u>\$ 5,503</u>

Future minimum payments on notes payable for the year ending September 30, 2015 are \$4,015.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets for projects consist of:

	September 30,	
	2014	2013
Compassion	\$ 161,454	\$ 166,973
Other projects	10,547	-
Global module studies	-	1,468
	<u>\$ 172,001</u>	<u>\$ 168,441</u>

GLOBAL ACTION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

6. OPERATING LEASES:

GA leases office space and various office equipment under noncancelable operating lease agreements. Total lease expense of \$25,507 and \$48,208 under these commitments was incurred during the years ended September 30, 2014 and 2013, respectively. Future minimum lease payments under noncancelable operating leases are as follows:

<u>Year Ending September 30,</u>	
2015	\$ 8,776
2016	<u>1,463</u>
	<u>\$ 10,239</u>

7. RETIREMENT PLAN:

GA contributes to a 403(b) tax deferred retirement annuity plan (the Plan). The Plan covers all full-time and part-time employees. GA contributes 6% of employees' salary after one full year of employment. In addition, GA contributes an additional 2% for all employees who contribute 2% by their own salary reduction. Employer contributions to the Plan totaled \$10,670 and \$12,933 for the years ended September 30, 2014 and 2013, respectively.

8. CONCENTRATION:

GA received gift-in-kind contributions from one contributor that totaled approximately 22% of total support and revenue during the year ended September 30, 2013.

GA received cash contributions from one contributor that totaled approximately 16% of total support and revenue during the year ended September 30, 2013.

9. RELATED PARTY TRANSACTIONS:

Due to lack of operating funds, the former President of GA elected to delay the collection of expense reimbursements owed to him. As of September 30, 2014 and 2013, GA owed the President \$115,013 and \$119,373, respectively. In addition, as part of the President's separation from GA, the Board agreed to pay certain amounts owed for accrued vacation and payroll. This amount totaled \$7,319 as of December 31, 2013 and was paid during the year ended September 30, 2014. These amounts are reflected in accounts payable on the consolidated statements of financial position.

GLOBAL ACTION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2014 and 2013

10. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

11. FINANCIAL CONDITION:

At September 30, 2014 and 2013, the balance in the unrestricted operating net assets was a deficit of \$640,590 and \$706,411, respectively. Management has a plan to reduce or eliminate this deficit within the next three to five years through planned budget cuts, debt reduction plan, and efforts of its development department.