



**GLOBAL ACTION  
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS  
With Independent Auditors' Report

September 30, 2015 and 2014

# GLOBAL ACTION AND AFFILIATES

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Global Action and Affiliates  
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Global Action and Affiliates which comprise the consolidated statements of financial position as of September 30, 2015, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Global Action and Affiliates  
Colorado Springs, Colorado

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Action and Affiliates, as of September 30, 2015, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The September 30, 2014 financial statements were reviewed by us, and our report thereon, dated September 30, 2014, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

*Capin Crouse LLP*

Colorado Springs, Colorado  
March 11, 2016

# GLOBAL ACTION AND AFFILIATES

## Consolidated Statements of Financial Position

	September 30,	
	(Audited) 2015	(Reviewed) 2014
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 139,717	\$ 103,127
Accounts receivable	27,367	60,268
Prepays and other assets	12,685	14,199
	<u>179,769</u>	<u>177,594</u>
Property and equipment–net	<u>266,661</u>	<u>290,876</u>
Total Assets	<u>\$ 446,430</u>	<u>\$ 468,470</u>
<b>LIABILITIES AND NET ASSETS:</b>		
Current liabilities:		
Accounts payable	\$ 300,209	\$ 491,086
Accrued expenses	145,395	151,058
	<u>445,604</u>	<u>642,144</u>
Net assets:		
Unrestricted:		
Operating	(398,002)	(636,551)
Equity in property and equipment	266,661	290,876
	<u>(131,341)</u>	<u>(345,675)</u>
Temporarily restricted	132,167	172,001
	<u>826</u>	<u>(173,674)</u>
Total Liabilities and Net Assets	<u>\$ 446,430</u>	<u>\$ 468,470</u>

See notes to consolidated financial statements

# GLOBAL ACTION AND AFFILIATES

## Consolidated Statements of Activities

	Year Ended September 30,					
	(Audited)			(Reviewed)		
	2015			2014		
	Temporarily			Temporarily		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>SUPPORT AND REVENUE:</b>						
Support:						
Contributions	\$ 303,003	\$ 296,555	\$ 599,558	\$ 323,396	\$ 303,433	\$ 626,829
Gift-in-kind contributions	20,141		20,141	12,802	-	12,802
Debt forgiveness	113,784		113,784	-	-	-
Other income	66,328		66,328	57,863	-	57,863
Total Support and Revenue	503,256	296,555	799,811	394,061	303,433	697,494
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	240,602	(240,602)	-	202,517	(202,517)	-
Administrative assessments	95,787	(95,787)	-	97,356	(97,356)	-
Total Reclassifications	336,389	(336,389)	-	299,873	(299,873)	-
<b>EXPENSES:</b>						
Program services	459,196	-	459,196	627,651	-	627,651
Supporting activities:						
General and administrative	96,354	-	96,354	137,366	-	137,366
Fund-raising	69,761	-	69,761	145,002	-	145,002
	166,115	-	166,115	282,368	-	282,368
Total Expenses	625,311	-	625,311	910,019	-	910,019
Change in Net Assets	214,334	(39,834)	174,500	(216,085)	3,560	(212,525)
Net Assets, Beginning of Year	(345,675)	172,001	(173,674)	(129,590)	168,441	38,851
Net Assets, End of Year	\$ (131,341)	\$ 132,167	\$ 826	\$ (345,675)	\$ 172,001	\$ (173,674)

See notes to consolidated financial statements

## GLOBAL ACTION AND AFFILIATES

### Consolidated Statements of Cash Flows

	Year Ended September 30,	
	(Audited)	(Reviewed)
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 174,500	\$ (212,525)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	15,246	39,883
Loss on disposal of property and equipment	1,690	13,968
Changes in operating assets and liabilities:		
Accounts receivable	32,901	(56,143)
Prepays and other assets	1,514	446
Accounts payable and accrued expenses	(196,540)	7,723
Net Cash Provided (Used) by Operating Activities	29,311	(206,648)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds on disposal of property and equipment	7,279	227,300
Net Cash Provided by Investing Activities	7,279	227,300
Net Change in Cash and Cash Equivalents	36,590	20,652
Cash and Cash Equivalents, Beginning of Year	103,127	82,475
Cash and Cash Equivalents, End of Year	\$ 139,717	\$ 103,127

See notes to consolidated financial statements

# GLOBAL ACTION AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

### 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, 2015 and 2014

### 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, 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.

#### 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, 2015 and 2014

### 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.

Other income consists of event and investment income. Debt forgiveness consists of forgiveness of fees from vendors due mainly to shipping related expenses.

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, 2015 and 2014, current assets in other countries, including cash and cash equivalents, inventory, and other assets, totaled \$41,763 and \$72,209, respectively; and current liabilities, including accounts payable and accrued expenses, amounted to \$148,059 and \$150,686, respectively. Total support and revenue received from international sources amounted to \$70,381 and \$99,132 during the years ended September 30, 2015 and 2014, 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, 2015, 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, 2014, 2013, and 2012 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, 2015 and 2014

3. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	September 30,	
	2015	2014
U.S.:		
Furniture and equipment	\$ 150,078	\$ 150,078
Overseas:		
India building improvements and equipment	346,517	360,809
India land	34,211	34,211
Latin America buildings and equipment	10,304	10,304
Nepal furniture and equipment	-	4,600
	<u>541,110</u>	<u>560,002</u>
Accumulated depreciation and amortization	<u>(274,449)</u>	<u>(269,126)</u>
	<u>\$ 266,661</u>	<u>\$ 290,876</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.

4. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets for projects consist of:

	September 30,	
	2015	2014
Compassion	\$ 85,062	\$ 161,454
Other projects	<u>47,105</u>	<u>10,547</u>
	<u>\$ 132,167</u>	<u>\$ 172,001</u>

# GLOBAL ACTION AND AFFILIATES

## Notes to Consolidated Financial Statements

September 30, 2015 and 2014

5. 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 \$13,556 and \$10,670 for the years ended September 30, 2015 and 2014, respectively.

6. RELATED PARTY TRANSACTIONS:

Due to lack of operating funds, the former President of GA elected to delay the collection of expense reimbursements that he had accrued during certain periods of his time with Global Action. As of September 30, 2015 and 2014, the balance of those reimbursements were \$113,013 and \$115,013, respectively. These amounts are reflected in accounts payable on the consolidated statements of financial position.

7. 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.

8. FINANCIAL CONDITION:

At September 30, 2015 and 2014, the balance in the unrestricted operating net assets was a deficit of \$398,002 and \$636,551, 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.