

Audit Report Global Action U.S. Operations

Year Ended 9/30/17

John J. Russo, CPA

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To the Board of Directors Global Action, U.S. Operations

I have audited the accompanying financial statements of Global Action U.S Operations, which comprise the Statement of Financial Position (Balance Sheet) as of September 30, 2017, and the Statement of Activities for the year then ended, and the related notes to the financial statements.

Management's Responsibility for 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.

Auditors' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. This audit was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that the audit is planned and performed so as to obtain reasonable assurance about whether the financial statements do not contain 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, I 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for the following opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Action U.S. Operations as of September 30, 2017, and the changes in net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Global Action as of September 30, 2016, were audited by other auditors whose report dated April 24, 2017 expressed an unqualified opinion on those statements.

John J. Russo, C.P.A.

8/1/18

Global Action (U. S.)
Statement of Activities
Years Ended 09/30/2017 and 9/30/2016

	9/30/2017	9/30/2016
Income		
Contributions		
Contributions	\$ 417,682	\$ 425,453
Golf Donations	39,412	11,465
Donated Stock	95	7
Gifts In Kind	17,309	14,105
Short Term Team Contribution	13,081	27,752
Total Contributions	<u>\$ 487,578</u>	<u>\$ 478,783</u>
Earned & Other Income		
Earned Income	\$ 20,727	\$ 49,139
Financial Income	56	50,961
Total Earned & Other Income	<u>20,782</u>	<u>100,100</u>
Total Income	\$ 508,360	\$ 578,883
 Expenses		
Personnel & Labor		
Taxable Compensation	\$ 125,410	\$ 187,045
Benefits	16,194	33,042
Employer's Taxes & Ins.	12,930	15,575
Total Personnel & Labor	<u>\$ 154,534</u>	<u>\$ 235,662</u>
Operations		
Professional Services	\$ 32,147	\$ 11,069
Donor Development	28,444	8,899
Travel Expense	21,879	23,142
Occupancy Expense	10,227	8,500
Office Expense	8,076	14,864
Insurance	6,595	5,990
Financial Expense	5,887	7,370
Information Technology	4,034	10,055
Other Operational Expenses	7,656	11,813
Total Operations Expenses	<u>124,945</u>	<u>101,702</u>
Total Expenses	\$ 279,479	\$ 337,364
Transfers for Program Expenses	<u>166,100</u>	<u>68,607</u>
Total Expenses and Transfers	445,579	405,971
Increase/Decrease in Net Assets	\$ 62,781	\$ 172,912
Net Assets Beginning of the year	<u>(17,889)</u>	<u>190,801</u>
Net Assets End of the year	<u>\$ 44,892</u>	<u>\$ (17,889)</u>

Global Action (U. S.)
Statement of Financial Position
As of 09/30/2017 and 9/30/2016

	9/30/2017	9/30/2016
Assets		
Current Assets		
Cash & Cash Equivalents	\$ 120,898	\$ 115,308
Receivables		2,525
Other Current Assets	1,306	5,069
Total Current Assets	\$ 122,204	\$ 122,902
 Long Term Assets		
Furniture & Fixtures (net)	-	-
Equipment (net)	-	-
Curriculum (net)	42,339	-
Total Assets	\$ 164,543	\$ 122,902
 Liabilities		
Current Liabilities		
Accounts Payable	\$ 9,007	\$ 124,215
Accrued Payroll Liabilities	5,254	4,915
Loan from Prior Officer	6,000	
Other Current Liabilities	3,577	11,661
Total Current Liabilities	\$ 23,838	\$ 140,791
 Long-Term Liabilities		
Line of Credit	-	-
Loan from Prior Officer	95,813	
Total Liabilities	\$ 119,651	\$ 140,791
 Net Assets		
Unrestricted NA	\$ (24,528)	\$(112,289)
Temporarily Restricted NA	69,420	94,400
Total Net Assets	\$ 44,892	\$ (17,889)
 Total Liabilities & Net Assets	\$ 164,543	\$ 122,902

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Global Action is a religious non-profit corporation whose purpose is to declare the Kingdom of God in word and deed to people around the world. Global Action works with member field organizations in the United Kingdom, India, Honduras, and Ukraine.

Global Action provides leadership training for pastors through its global module studies ministry, provides emergency relief and disaster aid through its compassion ministry, and otherwise fulfills its mission through church planting, vision building, and mentoring. Support for the corporation is raised primarily through contributions from individuals, churches, and other organizations.

Basis of Accounting — The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation — The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion and temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization currently has no permanently restricted net assets.

Revenue Recognition — Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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

Cash and Cash Equivalents — The Organization considers all highly liquid investments with a maturity of three months or less at the purchase date to be cash and cash equivalents.

Property and Equipment — Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from five to forty years for buildings and improvements and three to seven years for furnishings and equipment. All acquisitions of property and equipment in excess of \$1,000 and expenditures for repairs, maintenance, and improvements that materially extend the useful lives of assets are capitalized.

Use of Estimates — Preparation of the Organization's 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 consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status — The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction.

The Organization believes that it does not have any uncertain tax positions that are material to the consolidated financial statements. Tax years that remain subject to examination include 2014 through the current period.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date of issuance of the consolidated financial statements.

2. INTERNATIONAL OPERATIONS

For the period 10/1/16 through 9/30/17 Global Action US transferred a total of \$160,100 to its member organizations. An accounting of the use of those funds by the member organization was provided to Global Action US for periodic inspection and review.

3. LONG TERM ASSETS

a. Property Plant and Equipment

A total of \$25,288 of fully depreciated Furniture and Equipment was in use during the period.

b. Curriculum

Global Action has developed a Copyrighted Curriculum for use in training pastors domestically and globally. The costs attributable to that Curriculum are \$42,339 with an estimated useful life of ten years.

4. 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 employees' salary after one full year of employment. In addition, the Organization contributes an additional 2% for all employees who contribute 2% by their own salary reduction. Employer contributions to the plan totaled \$\$16,094 and \$16,834 for the years ended September 30, 2017 and 2016, respectively.

5. RELATED PARTY TRANSACTIONS

Due to lack of operating funds, a former president of Global Action, who resigned in 2012, elected to delay the collection of expense reimbursements that he had accrued during certain periods of his time with the organization. Payments are being made by the Organization on a monthly basis. As of September 30, 2017 and 2016, the balance of those reimbursements was \$101,813 and \$107,813 respectively.

These re-imbursements were classified as a current liability in the previous year. During the year ended 9/30/17 Global action had agreed to pay these liabilities at a minimum of \$6,000 annually with additional payments if financial position so permits. As such, the re-imbursements have been re-classified as long term and current for the year ended 9/30/17 only. The following is a presentation of the liabilities section for 9/30/17 and for 9/30/16 applying the re-classification to both periods.

Current Liabilities	9/30/17	9/30/16
Accounts Payable	\$9,007	\$16,403
Accrued Payroll Liabilities	5,254	4,915
Loans from Prior Officer (Current)	6,000	6,000
Other Current Liabilities	<u>3,577</u>	<u>11,661</u>
Total Current Liabilities	\$23,838	\$39,879
Long-Term Liabilities		
Loan from Prior Officer (Long Term)	<u>95,813</u>	<u>101,813</u>
Total Liabilities	\$119,651	\$140,792

Subsequent to the period ended 9/30/17 Global Action was able to re-negotiate the Loan from Prior Officer liability and agreed to pay a lump sum of \$62,000 in final settlement of the debt which had been paid down to \$97,313 at the time of that settlement.