

GLOBAL ACTION AND SUBSIDIARY
CONSOLIDATED
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2023 AND 2022
TOGETHER WITH AUDITOR'S REPORT



Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Global Action and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of Global Action and Subsidiary ("the Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Global Action as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Global Action and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated 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, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about Global Action's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

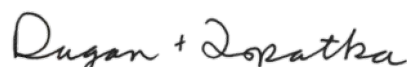
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Global Action's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Global Action's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



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GLOBAL ACTION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 237,531	\$ 339,436
Pledges receivable, current maturities	60,000	-
Prepaid expenses	1,907	2,001
Total current assets	<u>299,438</u>	<u>341,437</u>
PROPERTY AND EQUIPMENT, net	<u>27,039</u>	<u>34,113</u>
INVESTMENTS - real estate investment fund	<u>69,693</u>	<u>110,000</u>
Total assets	<u><u>\$ 396,170</u></u>	<u><u>\$ 485,550</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 14,143	\$ -
Accrued expenses	8,791	11,952
Total current liabilities	<u>22,934</u>	<u>11,952</u>
NET ASSETS:		
Without donor restrictions -undesignated	233,258	253,177
-board designated	69,693	110,000
With donor restrictions	<u>70,285</u>	<u>110,421</u>
Total net assets	<u>373,236</u>	<u>473,598</u>
Total liabilities and net assets	<u><u>\$ 396,170</u></u>	<u><u>\$ 485,550</u></u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:						
Contributions	\$ 951,419	\$ 61,143	\$ 1,012,562	\$ 992,509	\$ 149,197	\$ 1,141,706
(Loss) from investment in real estate investment fund	(40,307)	-	(40,307)	-	-	-
Interest income	2,498	-	2,498	2,367	-	2,367
Net assets released from restrictions	101,279	(101,279)	-	47,369	(47,369)	-
Total support and revenue	<u>1,014,889</u>	<u>(40,136)</u>	<u>974,753</u>	<u>1,042,245</u>	<u>101,828</u>	<u>1,144,073</u>
EXPENSES:						
Program	792,932	-	792,932	610,126	-	610,126
Management and general	125,193	-	125,193	113,379	-	113,379
Fundraising	156,990	-	156,990	118,595	-	118,595
Total expenses	<u>1,075,115</u>	<u>-</u>	<u>1,075,115</u>	<u>842,100</u>	<u>-</u>	<u>842,100</u>
Change in net assets	<u>(60,226)</u>	<u>(40,136)</u>	<u>(100,362)</u>	<u>200,145</u>	<u>101,828</u>	<u>301,973</u>
NET ASSETS, beginning of year	<u>363,177</u>	<u>110,421</u>	<u>473,598</u>	<u>163,032</u>	<u>8,593</u>	<u>171,625</u>
NET ASSETS, end of year	<u>\$ 302,951</u>	<u>\$ 70,285</u>	<u>\$ 373,236</u>	<u>\$ 363,177</u>	<u>\$ 110,421</u>	<u>\$ 473,598</u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (100,362)	\$ 301,973
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,074	7,074
(Loss) from investment in real estate investment fund	40,307	-
Decreased (increase) in pledges receivable	(60,000)	4,037
Decrease in prepaid expenses	94	3,097
(Decrease) increase in accounts payable	14,143	(8,434)
(Decrease) increase in accrued liabilities	(3,161)	(3,166)
	<u>(101,905)</u>	<u>304,581</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	<u>-</u>	<u>(110,000)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(101,905)	194,581
CASH AND CASH EQUIVALENTS, beginning of year	<u>339,436</u>	<u>144,855</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 237,531</u>	<u>\$ 339,436</u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 195,020	\$ 38,532	\$ 51,272	\$ 284,824
Payroll taxes	5,385	375	1,499	7,259
Total salaries and payroll taxes	200,405	38,907	52,771	292,083
Consulting services	-	-	6,750	6,750
Legal	-	4,515	-	4,515
Accounting	-	45,355	-	45,355
Charitable registration fees	-	-	2,088	2,088
Marketing and Promotion	-	-	3,335	3,335
Office expenses	-	9,874	17,899	27,773
Computer expenses	-	2,871	-	2,871
Travel	69,205	4,444	56,854	130,503
Conferences and conventions	-	9,538	10,815	20,353
Insurance	-	4,778	-	4,778
Ministry expenses	516,248	-	-	516,248
Staff development	-	4,911	4,492	9,403
Depreciation	7,074	-	-	7,074
Other	-	-	1,986	1,986
Total functional expenses	<u>\$ 792,932</u>	<u>\$ 125,193</u>	<u>\$ 156,990</u>	<u>\$ 1,075,115</u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 227,644	\$ 34,950	\$ 45,334	\$ 307,928
Payroll taxes	6,071	338	1,352	7,761
Total salaries and payroll taxes	233,715	35,288	46,686	315,689
Consulting services	-	1,986	9,600	11,586
Legal	-	44	-	44
Accounting	-	46,629	-	46,629
Charitable registration fees	-	-	2,108	2,108
Marketing and Promotion	-	-	3,938	3,938
Office expenses	-	7,767	13,912	21,679
Computer expenses	-	382	-	382
Travel	42,955	11,209	11,924	66,088
Conferences and conventions	-	6,035	9,916	15,951
Insurance	-	3,856	-	3,856
Ministry expenses	326,382	-	-	326,382
Staff development	-	183	20,511	20,694
Depreciation	7,074	-	-	7,074
Total functional expenses	<u>\$ 610,126</u>	<u>\$ 113,379</u>	<u>\$ 118,595</u>	<u>\$ 842,100</u>

The accompanying notes are an integral part of this statement.

GLOBAL ACTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

(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 consolidated financial statements were available to be issued on February 9, 2024, with subsequent events being evaluated through this date.

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

Basis of Consolidation -

Global Action Foundation in Costa Rica (subsidiary) is consolidated with Global Action for financial reporting purposes due to the fact it is wholly owned by Global Action. All significant intercompany account balances and transactions have been eliminated.

Basis of Accounting -

The Organization maintains its consolidated 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 consolidated 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 consolidated 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.

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

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 years ended September 30, 2023 and 2022 was \$7,074.

Investments -

Investments consist of memberships interest in a real estate investment fund. The Organization records its investment using the equity method and accordingly, distributed income and losses, capital contributions made to, and distributions received from the fund will affect the basis of investments.

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.

Pledges Receivable -

Pledges receivable are considered unconditional promises to give. They are recognized as receivables and contributions in the period the pledge is made. Pledges receivable in excess of one year are discounted to their net present value. The discount on those amounts is computed using risk-free rates applicable to the years in which the pledges are received.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. For the years ended September 30, 2023 and 2022, there was no allowance for doubtful accounts on pledges receivable.

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

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, 2023. 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 2020. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

Functional Allocation of Expenses -

The consolidated 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 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may vary from those estimates.

(2) PLEDGES RECEIVABLE:

Included in pledges receivable are the following unconditional promises to give:

	<u>2023</u>	<u>2022</u>
Pledges receivable	\$ 60,000	\$ -
Less - Unamortized discounts	<u>-</u>	<u>-</u>
Net pledges receivable	<u>\$ 60,000</u>	<u>\$ -</u>
	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year	\$ 60,000	\$ -
One to five years	<u>-</u>	<u>-</u>
	<u>\$ 60,000</u>	<u>\$ -</u>

(3) 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.

(4) PROPERTY AND EQUIPMENT:

A summary of the fixed assets on September 30, as follows:

	<u>2023</u>	<u>2022</u>
Website development	\$ 10,000	\$ 10,000
Curriculum development	50,744	50,744
Vehicles & equipment	<u>2,200</u>	<u>2,200</u>
	62,944	62,944
Less: accumulated depreciation	<u>(35,905)</u>	<u>(28,831)</u>
Property and equipment, net	<u>\$ 27,039</u>	<u>\$ 34,113</u>

(5) NET ASSETS:

Board designated net assets consist of \$69,693 and \$110,000 as of September 30, 2023 and 2022. Board designated net assets consist of funds invested for long term purposes of which earnings can be used for operations.

Net assets with donor restrictions are available on September 30, for the following program:

	<u>2023</u>	<u>2022</u>
Compassion project	<u>\$ 70,285</u>	<u>\$ 110,421</u>

(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, 2023 and 2022, \$516,248 were \$326,382, respectively.

(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, 2023 and 2022, were \$7,707 and \$9,413, respectively.

(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:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 237,531	\$ 339,436
Pledge receivables, current	<u>60,000</u>	<u>-</u>
Total financial assets	297,531	339,436
Less: Donor imposed restrictions	<u>(70,285)</u>	<u>(110,421)</u>
Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year.	<u>\$ 227,246</u>	<u>\$ 229,015</u>