

GLOBAL FELLOWSHIP INC.

Financial Statements

With Independent Accountants' Review Report

December 31, 2019

GLOBAL FELLOWSHIP INC.

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Independent Accountants' Review Report

To the Board of Directors
Global Fellowship Inc.

We have reviewed the accompanying financial statements of Global Fellowship Inc. (a nonprofit organization) which comprise the statement of financial position of as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

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

Phillips Starbuck, CPAs
Phillips Starbuck, CPAs
Auburn, CA
December 11, 2020

GLOBAL FELLOWSHIP INC.

**Statement of Financial Position
December 31, 2019**

| | |
|--|-------------------|
| ASSETS | |
| Cash and equivalents (Note 2) | \$ 447,333 |
| Held to maturity investments (Note 3) | 111,997 |
| Property and equipment, net (Note 4) | 11,123 |
| Restricted cash (Note 2) | <u>93,945</u> |
| Total Assets | <u>664,398</u> |
| LIABILITIES AND NET ASSETS | |
| Liabilities | |
| Credit cards payable | <u>2,234</u> |
| Total Liabilities | <u>2,234</u> |
| Net Assets | |
| Unrestricted net assets | 568,219 |
| Temporarily restricted net assets (Note 5) | <u>93,945</u> |
| Total Net Assets | <u>662,164</u> |
| Total Liabilities and Net Assets | \$ <u>664,398</u> |

GLOBAL FELLOWSHIP INC.

**Statement of Activities
For the Year Ended December 31, 2019**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-------------------|
| Revenue, Support and Reclassifications | | | |
| Contributions | \$ 2,842,636 | \$ 9,925 | \$ 2,852,561 |
| Processing fees | 950 | - | 950 |
| Interest and rewards income | 3,217 | - | 3,217 |
| In-kind contributions (Note 6) | 24,000 | - | 24,000 |
| Net assets released from restrictions | | | |
| Satisfied by payments | 49,250 | (49,250) | - |
| Total Unrestricted Revenue, Support and Reclassifications | <u>2,920,053</u> | <u>(39,325)</u> | <u>2,880,728</u> |
| Expenses | | | |
| Program services | 2,705,106 | - | 2,705,106 |
| Support services | | | |
| General and administrative | 87,124 | - | 87,124 |
| Fundraising | 5,258 | - | 5,258 |
| Total Expenses | <u>2,797,488</u> | <u>-</u> | <u>2,797,488</u> |
| Increase (Decrease) in Net Assets | 122,565 | (39,325) | 83,240 |
| Net Assets at Beginning of Year | <u>445,654</u> | <u>133,270</u> | <u>578,924</u> |
| Net Assets at End of Year | \$ <u>568,219</u> | \$ <u>93,945</u> | \$ <u>662,164</u> |

GLOBAL FELLOWSHIP INC.

**Statement of Cash Flows
For the Year Ended December 31, 2019**

| | |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Increase in net assets | \$ 83,240 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | |
| Depreciation | 528 |
| (Increase) decrease in operating assets: | |
| Prepaid expenses | 374 |
| Interest receivable | (1,987) |
| Increase (decrease) in operating liabilities: | |
| Credit card payable | <u>2,234</u> |
| Net Cash Provided (Used) by Operating Activities | <u>84,389</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase of certificate of deposits | <u>(110,000)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(110,000)</u> |
| Net Decrease in Cash | (25,611) |
| Cash and Equivalents at Beginning of Year | <u>566,899</u> |
| Cash and Equivalents at End of Year (Note 2) | \$ <u>541,288</u> |
| Supplemental Disclosure | |
| Cash paid for interest | \$ <u>-</u> |

GLOBAL FELLOWSHIP INC.

Notes to Financial Statements December 31, 2019

Note 1: Nature of Activities and Summary of Significant Accounting Policies

This summary of significant accounting policies of Global Fellowship Inc. (“the Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for their integrity and objectivity. The financial statements have been prepared on the accrual basis of accounting. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities

Global Fellowship Inc. was organized as a California nonprofit corporation in 1989. In keeping with its mission, the Organization provides support to Christian missions by providing financial management and missionary training and counseling. The Organization’s revenue comes from contributions. The Organization is also the sole member of two limited liability companies, BOLK Services, LLC and Mission Stream, LLC. These limited liability companies are considered disregarded entities for both income tax and financial statement reporting.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fair Value Measurements

The Organization’s policy is to measure financial instruments at fair value using valuation techniques that are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

- Level 1 inputs – quoted prices in active markets for identical assets
- Level 2 inputs – significant other observable inputs
- Level 3 inputs – significant unobservable inputs

Cash and cash equivalents are valued at their carrying amount due to their short maturities.

GLOBAL FELLOWSHIP INC.

**Notes to Financial Statements
December 31, 2019**

Note 1: Nature of Activities and Significant Accounting Policies (Continued)

Promises to Give

The Organization does not record donors' pledges to give because the pledges do not meet the criteria for recordation.

Property and Equipment

It is the Organization's policy to capitalize property and equipment having a cost in excess of \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset 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 contributions. 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. Property and equipment are depreciated using the straight-line method as follows:

| | |
|-------------------------|-----------|
| Furniture and equipment | 5-7 years |
| Office improvements | 39 years |

Contributions

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

Support and Revenues

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor or designated by the Board of Directors. Donated land, buildings, and equipment are recorded at estimated fair value at date of receipt if this value is measurable.

Income Taxes

The Organization qualifies for exemption from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and 23701d of the California Revenue and Taxation Code. It is further classified as a public charity described in Internal Revenue Code Sections 509(a)(1) and 170(b)(A)(i). During the year ended December 31, 2019, the Internal Revenue Service confirmed that the Organization's classification precludes it from having to file federal information forms.

Concentrations of Credit Risk

Deposits of cash and equivalents held in interest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution per account owner. At December 31, 2019, the Organization had \$263,587 in uninsured funds at Bank of America. The Organization believes the risk is mitigated by the high quality of the bank.

GLOBAL FELLOWSHIP INC.

**Notes to Financial Statements
December 31, 2019**

Note 1: Nature of Activities and Significant Accounting Policies (Continued)

Concentrations of Credit Risk (Continued)

The Organization also maintains an uninsured certificate of deposit with CDF Capital. CDF Capital uses investors' funds to provide loans to churches. Investors are paid interest for the use of their funds. As of December 31, 2019, the organization had \$111,987 invested with CDF Capital. The Organization believes the investment is consistent with its core mission, and has assessed the risk of loss to be insignificant.

Note 2: Restrictions on Cash

The Organization maintains cash deposits for operations as well as worldwide missions. At December 31, 2019, cash was classified as follows:

| | | |
|---------------------------------|----|----------------|
| Restricted for: | | |
| Temporarily restricted projects | \$ | 93,945 |
| Unrestricted cash | | <u>447,343</u> |
| Total cash | \$ | <u>541,288</u> |

Note 3: Investments

The Organization purchased a certificate of deposit with an initial maturity date of July 24, 2020. The certificate of deposit is a current asset classified as a held-to-maturity investment and is measured at fair market value using level 2 inputs. At December 31, 2019 the Organization reported the investment at \$111,987. Investment income of \$1,987 is included in the statement of activities.

Note 4: Property and Equipment

As of December 31, 2019 property and equipment consisted of the following:

| | | |
|--------------------------------|----|----------------|
| Office improvements | \$ | 11,627 |
| Furniture and equipment | | <u>1,148</u> |
| | | 12,775 |
| Less accumulated depreciation | | <u>(1,652)</u> |
| Net property and equipment | \$ | <u>11,123</u> |

Depreciation expense was \$528.

GLOBAL FELLOWSHIP INC.

**Notes to Financial Statements
December 31, 2019**

Note 5: Temporarily Restricted Net Assets

December 31, 2019 temporarily restricted net assets consisted of the following:

| | | |
|---|----|---------------|
| India - Barnhart/Pincode | \$ | 22,900 |
| India - Collaboration National Christian Foundation | | 21,000 |
| India – First Fruits/Destiny Child. Elite | | 22,125 |
| India – Vanguard Media Book Strategy | | 5,000 |
| Sierra Grace Building Project | | 7,000 |
| Global Dawn | | <u>15,920</u> |
| Total temporarily restricted net assets | \$ | <u>93,945</u> |

Note 6: In-kind Contributions

For the year ended December 31, 2019, the Organization recognized support totaling \$24,000 for in-kind contributions of office space and professional services. A local church donates the use of office space with an estimated fair market value of \$1,000 per month. Rent expense of \$12,000 is included in general and administrative expenses reported on the statement of activities. A skilled bookkeeper provides approximately 25 hours per month of donated accounting services. Prevailing hourly rates for similar services, including benefits, are estimated at \$40 per hour. Accordingly the Organization included \$12,000 of donated accounting services in general and administrative expenses reported on the statement of activities.

Note 7: Functional Allocation of Expenses

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

Note 8: Subsequent Events

During the fiscal year ended December 31, 2020, the coronavirus (COVID-19) evolved into a worldwide pandemic that affected social and economic conditions throughout the geographic areas of the Organization's operations. While the long-term effects of the pandemic are not estimable, the Organization has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern.

Management has evaluated subsequent events through December 11, 2020, the date the reviewed financial statements were available to be issued.