

**GLOBAL SERVANTS, INC.  
AUDITED FINANCIAL STATEMENT  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
MARCH 31, 2019**

**R. Michael LaBounty & Associates, PC**  
*Certified Public Accountants*  
3961 Holcomb Bridge Road, Suite 201  
Peachtree Corners, Georgia 30092

## TABLE OF CONTENTS

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF FINANCIAL POSITION .....	3
STATEMENT OF ACTIVITIES .....	5
STATEMENT OF FUNCTIONAL EXPENSES .....	6
STATEMENT OF CASH FLOWS .....	7
NOTES TO THE FINANCIAL STATEMENT .....	8



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Global Servants, Inc.  
4606 Elk Ridge Ct., Suite H  
Flowery Branch, GA 30542

### **Report on the Financial Statement**

We have audited the accompanying financial statements of Global Servants, Inc. (the Organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon 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 Organization'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 Organization'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 financial statements.

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

To the Board of Directors  
Global Servants, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Servants, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

R MICHAEL LaBOUNTY & ASSOCIATES, PC

Peachtree Corners, Georgia  
January 06, 2020

**GLOBAL SERVANTS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2019**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ 147,239
Prepaid expenses	153,297
Inventory	116,808
Accounts receivable , net	<u>39,408</u>
Total current assets	<u>456,752</u>

**PROPERTY & EQUIPMENT:**

Furniture & equipment	<u>15,830</u>
Total property & equipment	15,830
Accumulated depreciation	<u>(1,190)</u>
Total property & equipment - net	<u>14,640</u>

**OTHER ASSETS:**

Investments	2,390,805
Investments - restricted	348,018
Security deposit	<u>2,191</u>
Total other assets	<u>2,741,014</u>

Total assets	<u><u>\$ 3,212,406</u></u>
--------------	----------------------------

The accompanying notes are an integral part of these financial statements.

**GLOBAL SERVANTS, INC.**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS OF MARCH 31, 2019**

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES:

Accounts payable	\$ 23,411
Accrued liabilities	5,923
Deferred revenue	<u>128,154</u>
Total current liabilities	<u>157,488</u>

NET ASSETS:

Net assets without donor restrictions	2,706,899
Net assets with donor restrictions	<u>348,018</u>
Total net assets	<u>3,054,917</u>
Total liabilities and net assets	\$ <u><u>3,212,406</u></u>

The accompanying notes are an integral part of these financial statements.

**GLOBAL SERVANTS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND GAINS:

Contributions	\$ 655,025
Events	33,910
Investment income	113,639
Released restrictions	<u>783,683</u>
Total revenue and gains	<u>1,586,257</u>

EXPENSES:

Program expenses	1,489,715
Fundraising expenses	63,481
General and administrative expenses	<u>132,905</u>
Total expenses	<u>1,686,101</u>

(DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(99,844)</u>
--	-----------------

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Restricted contributions	756,334
Released restrictions	<u>(783,683)</u>

(DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(27,349)</u>
--	-----------------

(DECREASE) IN TOTAL NET ASSETS	(127,193)
--------------------------------	-----------

NET ASSETS, BEGINNING OF YEAR	<u>3,182,110</u>
-------------------------------	------------------

NET ASSETS, END OF YEAR	\$ <u><u>3,054,917</u></u>
-------------------------	----------------------------

The accompanying notes are an integral part of these financial statements.

**GLOBAL SERVANTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<b>Program</b>		<b>Fundraising</b>		<b>General &amp; Administrative</b>		<b>Total</b>
	<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>		<b>Expenses</b>
Personnel	\$ 672,438	\$	39,446	\$	100,970	\$	812,854
Grants to others	381,661		-		-		381,661
Conferences & meetings	177,607		-		-		177,607
Travel	96,030		5,868		3,887		105,785
Office expenses	73,446		7,298		3,360		84,104
Occupancy	40,595		1,966		7,744		50,305
Professional fees	18,900		-		12,797		31,697
Technology & communications	16,676		756		2,992		20,424
Advertising	3,896		7,739		-		11,635
Insurance	6,351		342		1,015		7,708
Depreciation	1,059		60		71		1,190
Other	1,056		7		69		1,131
	<u>1,489,715</u>	\$	<u>63,481</u>	\$	<u>132,905</u>	\$	<u>1,686,101</u>
Total expenses	\$ <u>1,489,715</u>	\$	\$ <u>63,481</u>	\$	\$ <u>132,905</u>	\$	\$ <u>1,686,101</u>

The accompanying notes are an integral part of these financial statements.



**GLOBAL SERVANTS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

CASH FLOWS (USED BY) OPERATING ACTIVITIES:

(Decrease) in net assets	\$ (127,193)
Adjustments to reconcile (decrease) in net assets to net cash (used by) operating activities	
Depreciation	1,190
Unrealized gain/loss	(12,758)
(Increase) in accounts receivable	(5,745)
(Increase) in prepaid expense	(108,662)
(Increase) in inventory	(18,368)
(Increase) in security deposits	(1,350)
(Decrease) in accounts payable	(10,528)
Increase in accrued liabilities	4,346
(Decrease) in deferred revenue	<u>(81,099)</u>
Net cash (used by) operating activities	<u>(360,167)</u>

CASH FLOWS (USED BY) INVESTMENT ACTIVITIES:

Sale of investments	150,000
Purchase of investments	(163,272)
Purchase of furniture & equipment	<u>(15,830)</u>
Net cash (used by) investing activities	<u>(29,102)</u>

(DECREASE) IN CASH (389,269)

CASH , BEGINNING OF YEAR 536,508

CASH , END OF YEAR \$ 147,239

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	\$ <u><u>-</u></u>
Income taxes	\$ <u><u>-</u></u>

The accompanying notes are an integral part of these financial statements.

**GLOBAL SERVANTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

Global Servants, Inc. was founded in 1977 by Dr. Mark Rutland. He started this ministry with the desire to see lives changed by the power and truth of God's word. Global Servants has reached countless people worldwide through crusades, seminars, camps, books, media, local evangelism projects, church planting, and leadership training. Over the last four decades, Global Servants has grown into a worldwide missions and evangelism organization with ongoing work in Thailand and Ghana. The Organization receives its funding from contributions from the private sector. The Organization's administrative operations are located in Flowery Branch, Georgia.

**Note A – Summary of Significant Accounting Policies**

The Organization's Summary of Significant Accounting Policies is presented to assist in understanding its financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the statement's preparation. The financial statements and notes are representations of the Organization's management, who are responsible for their integrity and objectivity.

**New Accounting Pronouncement** – The Organization has adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities* (ASU 2016-14), effective for fiscal years beginning after December 15, 2017. This update addresses the current net asset classification requirements and the information presented in financial statements and notes about a non-profit organization's liquidity, financial performance, and cash flows. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has been added. This new accounting policy did not affect net assets.

**Basis of Accounting and Presentation** - The Organization maintains its accounting records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions are not subject to or no longer subject to donor-imposed time and/or purpose restrictions.

Net Assets with Donor Restrictions whose use is limited by donor-imposed time and/or purpose restrictions.

**Cash and Cash Equivalents** - Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less. As of March 31, 2019 there were no cash equivalents.

**Accounts Receivable** – Accounts receivable consists of fees for services and is stated at the amount the Organization expects to collect. The Organization determines whether a provision for uncollectable receivables is required based on an evaluation of its historical experience and industry averages. When a specific account is deemed uncollectible, the account is written off against the allowance. The Organization concluded that no allowance was necessary as of March 31, 2019

**Property and Equipment** - Purchased furniture, fixtures and office equipment are carried at cost. Donated furniture, fixtures and office equipment are carried at approximate fair value at the date of donation. Expenditures over \$5,000 for furniture, fixtures and office equipment, with an estimated useful life of more than one year, are capitalized. Expenditures for repairs, maintenance, renewals and betterments that materially prolong an asset's useful life are capitalized. Expenses for repairs and maintenance that don't extend lives are expensed.

**GLOBAL SERVANTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**Note A – Summary of Significant Accounting Policies (Continued)**

**Property and Equipment (Continued)**

Depreciation is provided under the straight-line method over each asset's estimated useful life ranging from three to ten years. Depreciation expense for the year ended March 31, 2019 was \$1,190.

**Donated Assets, Space and Services** - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the year ended March 31, 2019, the Organization recognized no in-kind donations.

**Advertising Expense** – Advertising expense, except for costs associated with direct-response advertising, is charged to operations when incurred. Advertising expense for the year ended March 31, 2019 was \$11,635. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. As of March 31, 2019, the Organization had no capitalized direct-response advertising costs.

**Contributions** – Unconditional promises to give and contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

**Functional Allocation of Expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements also report certain categories of expenses that are attributed to more than one function requiring allocation on a reasonable basis that is consistently applied. Costs are directly charged to the function they benefit. Personnel costs are allocated based on estimated time spent for each function. Rent and other occupancy costs are allocated based on allocation of square footage.

**Tax Exempt Status** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. For the year ended March 31, 2019, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Organization has determined that the Form 990 has been submitted without required supporting schedules in prior years, and is in the process of amending the return for the three prior years to include this information. The Organization's information returns are subject to examination by the appropriate regulatory authorities, and as of March 31, 2019 three years remain open for examination.

**Fair Value of Financial Instruments** - The Organization's financial instruments consist of cash, accounts receivable, accrued liabilities and accounts payable. The carrying value of these instruments approximates fair value due to their relatively short-term nature.

**GLOBAL SERVANTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**Note A – Summary of Significant Accounting Policies (Continued)**

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**Note B – Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods at March 31, 2019:

<b>Subject to Expenditure for Specified Purpose:</b>	
West Africa fund	\$ 162,952
Thailand fund	183,306
General missions	<u>1,760</u>
	<u>\$ 348,018</u>

During the year ended March 31, 2019, \$783,683 was released from donor restrictions.

**Note C – Concentrations of Credit and Other Risks**

The Organization maintains its cash at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC-insured limit is \$250,000 of deposits per accountholder, per financial institution. As of March 31, 2019 the Organization's balances did not exceed these insured limits. Management believes that the FDIC backing and the quality of the financial institution with which these amounts are deposited minimizes any potential risk of material loss. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments. At year end, the Organization had investment funds in excess of the SIPC limit. Management does not believe that this concentration results in a high level of risk for the Organization. Additionally, the Organization relies on the community for donations and contributions. Changes in economic conditions could impact the Organization's ability to carry out their program functions.

**Note D – Investments**

The Organization classifies its investment assets in accordance with accounting principles generally accepted in the United States of America which establishes a hierarchy of inputs to fair value measurements as follows:

*Level 1* – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;

**GLOBAL SERVANTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**Note D – Investments (Continued)**

*Level 2 (continued)*

- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted process that are observable for assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

Cost and fair market value of investments are summarized in the table below:

	Fair Value Hierarchy Level	Cost	Unrealized Appreciation (Depreciation)	Fair Market Value
Money market funds	1	\$ 34,407	\$ -	\$ 34,407
Taxable municipal bonds	1	720,538	20,916	741,454
Tax exempt municipal bonds	1	55,987	5,528	61,515
Unit trusts	1	227,970	(5,270)	222,700
Mutual Funds	1	855,879	2,705	858,584
Corporate bonds	2	253,855	14,076	267,931
Government & agency securities	2	5,022	174	5,196
Asset & mortgage backed securities	3	7,783	(2,567)	5,216
Exchange traded & closed-end funds	3	585,146	(8,921)	576,225
		<u>\$ 2,746,587</u>	<u>\$ 26,641</u>	<u>\$ 2,773,228</u>

The components of investment income consist of the following for the year ended March 31, 2019:

Interest and dividends	\$ 121,532
Net realized and unrealized gains and losses	(7,893)
Investment management fees	<u>(152)</u>
Net investment income	<u>\$ 113,487</u>

**GLOBAL SERVANTS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**Note E – Lease Commitments**

The Organization leases space under the terms of non-cancellable lease agreements expiring at various times through 2021. They also have two equipment leases expiring at various times through 2023. Lease expense for the year ended March 31, 2019 was \$39,994. Future minimum lease payments are as follows:

For the Year Ending	
March 31,	
2020	\$ 25,767
2021	28,870
2022	7,151
2023	<u>909</u>
Total	<u>\$ 62,697</u>

**Note F – Liquidity and Availability of Financial Assets**

The Organization’s primary source of support is contributions from individuals. Monthly cash outflows vary each year based on the projects undertaken by the Organization. The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Organization approves the action.

The Organization’s financial assets as of March 31, 2019 available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

Cash	\$ 147,239
Accounts receivable	39,408
Investments & restricted investments	<u>2,738,823</u>
Less amounts not available in one year	
Assets restricted to specific purpose	<u>(348,018)</u>
Total financial assets	<u>2,577,452</u>
 <b>Financial assets available to meet cash</b>	
<b>needs for expenditures within one year</b>	 <u><u>\$ 2,577,452</u></u>

**Note G – Subsequent Events**

Management has evaluated events and transactions which occurred through January 06, 2020, which was the date the financial statements were available to be issued. As a result of this evaluation, management has determined that no events or transactions are required to be disclosed.