

**GLOBAL SERVANTS, INC.
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
MARCH 31, 2020**

R. Michael LaBounty CPA, Incorporated
Certified Public Accountant
160 Juniper Court, Suite 100
Brunswick, Georgia 31520

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION.....	2
STATEMENT OF ACTIVITIES.....	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENT	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Global Servants, Inc.
PO Box 740737
Orange City, FL 32774

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, 2020, 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 audit 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.

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, 2020, 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 CPA, INCORPORATED

Brunswick, Georgia
October 16, 2020

GLOBAL SERVANTS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2020

ASSETS

CURRENT ASSETS:

Cash	\$ 320,870
Prepaid expenses	1,766
Inventory	<u>56,490</u>

Total current assets	<u>379,126</u>
----------------------	----------------

PROPERTY & EQUIPMENT:

Land	125,000
Building	632,142
Furniture & equipment	<u>32,308</u>

Total property & equipment	789,450
----------------------------	---------

Accumulated depreciation	<u>(4,285)</u>
--------------------------	----------------

Total property & equipment - net	<u>785,165</u>
----------------------------------	----------------

OTHER ASSETS:

Investments	2,063,231
Investments - restricted	256,194
Security deposit	<u>2,191</u>

Total other assets	<u>2,321,616</u>
--------------------	------------------

Total assets	<u>\$ 3,485,907</u>
--------------	---------------------

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

GLOBAL SERVANTS, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF MARCH 31, 2020

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 25,816
Accrued liabilities	8,657
Deferred revenue	<u>28,000</u>

Total current liabilities 62,473

NET ASSETS:

Net assets without donor restrictions	3,167,240
Net assets with donor restrictions	<u>256,194</u>

Total net assets 3,423,434

Total liabilities and net assets \$ 3,485,907

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

GLOBAL SERVANTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND GAINS:

Contributions	\$ 655,519
Ministry/events	624,477
Book & media sales	176,129
Investment income	167,702
Released restrictions	<u>1,086,111</u>

Total revenue and gains	<u>2,709,938</u>
-------------------------	------------------

EXPENSES:

Program expenses	2,021,602
Fundraising expenses	53,587
General and administrative expenses	<u>174,408</u>

Total expenses	<u>2,249,597</u>
----------------	------------------

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>460,341</u>
---	----------------

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Restricted contributions	985,933
Restricted investment income	8,354
Released restrictions	<u>(1,086,111)</u>

(DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(91,824)</u>
--	-----------------

INCREASE IN TOTAL NET ASSETS	368,517
------------------------------	---------

NET ASSETS, BEGINNING OF YEAR	<u>3,054,917</u>
-------------------------------	------------------

NET ASSETS, END OF YEAR	<u>\$ 3,423,434</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, 2020

	Program	Fundraising	General & Administrative	Total
	Expenses	Expenses	Expenses	
Personnel	\$ 635,240	\$ 31,584	\$ 118,326	\$ 785,150
Grants to others	557,290	-	-	557,290
Ministry events	379,786	-	-	379,786
Printing & postage	216,409	215	718	217,342
Travel	82,067	6,823	6,061	94,951
Professional fees	36,108	10,072	31,609	77,789
Occupancy	39,707	1,921	8,269	49,897
Supplies	33,475	1,171	1,537	36,183
Information technology	16,793	764	4,447	22,004
Office expenses	14,651	518	1,463	16,632
Bank charges	10,076	519	1,978	12,573
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>2,021,602</u>	\$ <u>53,587</u>	\$ <u>174,408</u>	\$ <u>2,249,597</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, 2020

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Increase in net assets	\$ 368,517
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	3,095
Unrealized market gains	(19,651)
Decrease in accounts receivable	39,408
Decrease in prepaid expense	151,531
Decrease in inventory	60,318
Increase in accounts payable	2,405
Increase in accrued liabilities	2,734
(Decrease) in deferred revenue	<u>(100,154)</u>
Net cash provided by operating activities	<u>508,203</u>

CASH FLOWS (USED BY) INVESTMENT ACTIVITIES:

Purchase of building and land	(757,142)
Purchase of furniture & equipment	(16,478)
Sale of investments	1,095,073
Purchase of investments	<u>(656,025)</u>
Net cash (used by) investing activities	<u>(334,572)</u>

INCREASE IN CASH 173,631

CASH , BEGINNING OF YEAR 147,239

CASH , END OF YEAR \$ 320,870

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	\$ <u> -</u>
Income taxes	\$ <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, 2020

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 Winder, 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, 2020 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, 2020

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 two years 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, 2020

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, 2020 was \$3,095.

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, 2020, 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, 2020 was \$3,444. 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, 2020, 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 assets 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, 2020, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Organization has determined that the Form 990 returns have been submitted without required supporting schedules in prior years. The Organization has amended the returns for the three prior years to include this information. The Organization's information returns for fiscal 2017, 2018, and 2019 remain open for examination by the appropriate regulatory authorities.

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, 2020

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, 2020:

Subject to Expenditure for Specified Purpose:

Thailand fund	\$ 191,568
West Africa fund	62,636
General missions	<u>1,990</u>
	\$ <u><u>256,194</u></u>

During the year ended March 31, 2020, \$1,086,111 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, 2020 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.

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020

Note D – Investments (Continued)

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;
- 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 require the application of informed judgement 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
Mutual funds	1	\$ 1,016,155	\$ (26,398)	\$ 989,757
Corporate & government bonds	1	811,344	69,527	880,871
Exchange traded & closed-end funds	2	444,409	4,388	448,797
		\$ 2,271,908	\$ 47,517	\$ 2,319,425

The components of investment income consist of the following for the year ended March 31, 2020:

Interest and dividends	\$ 131,165
Net realized gains and losses	25,239
Net unrealized gains and losses	19,652
Net investment income	\$ 176,056

Note E – New Administrative Office Facility

In February 2020, Global Servants purchased a 6,359 square foot office in Winder, Georgia to use as its headquarters. The office is a free standing building with 0.88 acres of land and ample parking. Following extensive renovation, the new office was officially opened for business on June 13, 2020.

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2020

Note F – Lease Commitments

The Organization leases space under the terms of non-cancellable lease agreements expiring at various times through 2021. The Organization also has two equipment leases expiring at various times through 2023. Lease expense for the year ended March 31, 2020 was \$27,970. Future minimum lease payments are as follows:

For the Year Ending	
March 31,	
2021	\$ 28,870
2022	7,151
2023	<u>909</u>
Total	<u>\$ 36,930</u>

Note G – 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, 2020 available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

Cash	\$ 320,870
Investments & restricted investments	<u>2,319,425</u>
 Total financial assets	 2,640,295
 Less amounts not available in one year due to specific restricted purposes	 <u>(256,194)</u>
 Financial assets available to meet cash needs for expenditures within one year	 \$ <u>2,384,101</u>

Note H – Subsequent Events

Management has evaluated events and transactions which occurred through October 16, 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.