

**GLOBAL SERVANTS, INC.
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
MARCH 31, 2021**

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 STATEMENTS | 7 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Global Servants, Inc.
5781 Lee Blvd, Unit 208-555
Lehigh Acres, FL 33971

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, 2021, 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, 2021, 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
July 22, 2020

GLOBAL SERVANTS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2021

ASSETS

CURRENT ASSETS:

| | |
|------------------|---------------|
| Cash | \$ 360,833 |
| Prepaid expenses | 41,715 |
| Inventory | <u>60,474</u> |

Total current assets 463,022

PROPERTY & EQUIPMENT:

| | |
|-------------------------|---------------|
| Land | 125,000 |
| Building & improvements | 734,446 |
| Furniture & equipment | <u>78,187</u> |

Total property & equipment 937,633

Accumulated depreciation (23,161)

Total property & equipment - net 914,472

OTHER ASSETS:

| | |
|--------------------------|---------------|
| Investments | 1,986,265 |
| Investments - restricted | <u>59,910</u> |

Total other assets 2,046,175

Total assets \$ 3,423,669

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GLOBAL SERVANTS, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF MARCH 31, 2021

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| | |
|---------------------|---------------|
| Accounts payable | \$ 15,170 |
| Accrued liabilities | 75,155 |
| Deferred revenue | <u>47,100</u> |

Total current liabilities 137,425

NET ASSETS:

| | |
|---------------------------------------|---------------|
| Net assets without donor restrictions | 3,226,334 |
| Net assets with donor restrictions | <u>59,910</u> |

Total net assets 3,286,244

Total liabilities and net assets \$ 3,423,669

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GLOBAL SERVANTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2021

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND GAINS:

| | |
|-----------------------|----------------|
| Contributions | \$ 903,636 |
| Ministry/events | 64,798 |
| Book & media sales | 83,772 |
| Investment income | 236,258 |
| Released restrictions | <u>703,094</u> |

Total revenue and gains 1,991,558

EXPENSES:

| | |
|-------------------------------------|----------------|
| Program expenses | 1,639,067 |
| Fundraising expenses | 30,426 |
| General and administrative expenses | <u>212,075</u> |

Total expenses 1,881,568

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 109,990

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

| | |
|--------------------------|------------------|
| Restricted contributions | 539,379 |
| Released restrictions | <u>(703,094)</u> |

(DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS (163,715)

(DECREASE) IN TOTAL NET ASSETS (53,725)

NET ASSETS, BEGINNING OF YEAR 3,339,969

NET ASSETS, END OF YEAR \$ 3,286,244

GLOBAL SERVANTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2021

| | Program Expenses | Fundraising Expenses | General & Administrative Expenses | Total |
|------------------------|-----------------------------|---------------------------------|------------------------------------------------------|--------------|
| Personnel | \$ 681,794 | \$ 23,872 | \$ 152,500 | \$ 858,166 |
| Grants to others | 666,127 | - | - | 666,127 |
| Occupancy | 82,254 | 3,091 | 12,726 | 98,071 |
| Printing & postage | 85,861 | 279 | 1,757 | 87,897 |
| Information technology | 37,183 | 1,314 | 9,063 | 47,560 |
| Professional fees | 17,017 | 61 | 26,577 | 43,656 |
| Travel | 33,000 | 749 | 4,844 | 38,593 |
| Office expenses | 13,178 | 557 | 3,147 | 16,882 |
| Supplies | 12,646 | 503 | 1,461 | 14,610 |
| Ministry events | 10,007 | - | - | 10,007 |
| Total expenses | \$ 1,639,067 | \$ 30,426 | \$ 212,075 | \$ 1,881,568 |

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GLOBAL SERVANTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

CASH FLOWS (USED BY) OPERATING ACTIVITIES:

| | |
|-------------------------------------------------------------------------------------------------|------------------|
| (Decrease) in net assets | \$ (53,725) |
| Adjustments to reconcile (decrease) in net assets to net cash (used by) operating activities | |
| Depreciation | 18,877 |
| Unrealized market gains | (117,579) |
| (Increase) in prepaid expense | (39,949) |
| (Increase) in inventory | (3,984) |
| Decrease in security deposits | 2,191 |
| (Decrease) in accounts payable | (10,646) |
| (Decrease) in accrued liabilities | (16,967) |
| Increase in deferred revenue | <u>19,100</u> |
| Net cash (used by) operating activities | <u>(202,682)</u> |

CASH FLOWS PROVIDED BY INVESTMENT ACTIVITIES:

| | |
|-------------------------------------------|-----------------|
| Purchases of property & equipment | (148,183) |
| Sale of investments | 418,164 |
| Purchase of investments | <u>(27,336)</u> |
| Net cash provided by investing activities | <u>242,645</u> |

INCREASE IN CASH 39,963

CASH , BEGINNING OF YEAR 320,870

CASH , END OF YEAR \$ 360,833

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

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

SEE INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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.

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, 2021, there were no cash equivalents.

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. Depreciation is provided under the straight-line method over each asset's estimated useful life ranging from three to 39 years. Depreciation expense for the year ended March 31, 2021 was \$18,877.

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, 2021, 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 2016, 2017, and 2018 remain open for examination by the appropriate regulatory authorities.

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021

Note A – Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Revenue Recognition – 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, 2021.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which is a comprehensive new revenue recognition standard that did supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The FASB issued ASU 2015-14 that deferred the effective date for the Organization until annual periods beginning after December 15, 2018. The FASB then issued ASU 2020-05 that deferred the effective date for the Organization until annual periods beginning after December 15, 2019. The Organization's revenue recognition policy meets the core principle requirements of Topic 606. Other aspects of Topic 606 do not apply to the Organization since it does not enter in to contracts for any goods or services. The implementation of this new standard had no impact on previously reported net assets.

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, 2021, 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, 2021 was \$0. 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, 2021, 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.

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021

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.

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.

Inventory – The Organization carries inventory on the statement of financial position that is comprised of books, tapes, and CDs that are available for resale. Inventory is stated at the lower of cost or net realizable value. The Organization writes down inventory for unmarketable inventory based upon assumptions about future demand and market conditions.

Note B – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at March 31, 2021:

| Subject to Expenditure for Specified Purpose: | |
|------------------------------------------------------|----------------------|
| Thailand fund | \$ 58,655 |
| General missions | <u>1,255</u> |
| Total | <u><u>59,910</u></u> |

During the year ended March 31, 2021, \$703,094 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, 2021 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.

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021

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;
- 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 | \$ 1,039,161 | \$ 68,406 | \$ 1,107,567 |
| Corporate & government bonds | 1 | 610,471 | 83,398 | 693,870 |
| Exchange traded & closed-end funds | 1 | 226,684 | 18,054 | 244,739 |
| | | \$ <u>1,876,316</u> | \$ <u>169,858</u> | \$ <u>2,046,175</u> |

The components of investment income consist of the following for the year ended March 31, 2021:

| | |
|---------------------------------|-------------------|
| Interest and dividends | \$ 98,317 |
| Net realized gains and losses | 20,362 |
| Net unrealized gains and losses | <u>117,579</u> |
| Net investment income | <u>\$ 236,258</u> |

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021

Note E – New Administrative Office Facility

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

Note F – Lease Commitments

The Organization also two equipment leases expiring at various times through 2023. Lease expense for this equipment for the year ended March 31, 2021 was \$1,050. Future minimum lease payments are as follows:

| For the Year Ending | | |
|---------------------|----|---------------------|
| March 31, | | |
| 2022 | \$ | 1,422 |
| 2023 | | <u>909</u> |
| Total | \$ | <u><u>2,331</u></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, 2021 available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

| | | |
|---------------------------------------------------------------------------------------|-----------|--------------------------------|
| Cash | \$ | 360,833 |
| Investments & restricted investments | | <u>2,046,175</u> |
| Total financial assets | | 2,407,008 |
| Less amounts not available in one year due to specific restricted purposes | | <u>-</u> |
| Financial assets available to meet cash needs for expenditures within one year | \$ | <u><u>2,407,008</u></u> |

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2021

Note H – Retirement Plan

The Organization sponsors a Simple IRA retirement plan that covers all eligible employees, as defined. The Board of Directors determines and approves a certain percentage to contribute to each employee. The contribution is based off each employee's W-2 earnings. For the year ended March 31, 2021, contributions totaled \$69,837.

Note I – Restatement of Fiscal 2020 Financial Statements

The Organization determined its fiscal 2020 financial statements were misstated due to an accounting error related to pension plan expenses. The Organization's management determined the accounting error was caused by the COVID lockdowns and restrictions in the spring and summer of 2020. Controls that had been in place for many years did not function as designed during this time. Controls are now once again functioning as designed. The restatement of the fiscal 2020 financial statements increased expenses by \$83,465 and decreased the increase in net assets to \$285,052.

Note J – Subsequent Events

Management has evaluated events and transactions, which occurred through July 22, 2021, 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.