

**GLOBAL SERVANTS, INC.
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
MARCH 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Global Servants, Inc. (the Organization), which comprises of the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Global Servants, Inc. as of March 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Servants, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 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 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Servants, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

To the Board of Directors
Global Servants, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Servants, Inc.'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 financial statements.
- Conclude, whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Servants, Inc.'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.

R. MICHAEL LABOUNTY CPA, INCORPORATED

Brunswick, Georgia
July 25, 2022

GLOBAL SERVANTS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2022

ASSETS

CURRENT ASSETS:

Cash	\$ 227,839
Inventory	104,582
Prepaid expenses	27,423
Other receivables	<u>13,674</u>

Total current assets 373,518

PROPERTY & EQUIPMENT:

Land	125,000
Building & improvements	745,946
Furniture & equipment	<u>78,187</u>

Total property & equipment 949,133

Accumulated depreciation (61,047)

Total property & equipment - net 888,086

OTHER ASSETS:

Investments	2,346,833
Investments - restricted	<u>205,620</u>

Total other assets 2,552,453

Total assets \$ 3,814,057

GLOBAL SERVANTS, INC.
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF MARCH 31, 2022

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 19,650
Accrued liabilities	5,818
Deferred revenue	<u>6,000</u>

Total current liabilities 31,468

NET ASSETS:

Net assets without donor restrictions	3,576,969
Net assets with donor restrictions	<u>205,620</u>

Total net assets 3,782,589

Total liabilities and net assets \$ 3,814,057

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

GLOBAL SERVANTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND GAINS:

Contributions	\$ 1,593,658
Ministry/events	109,848
Book & media sales	130,033
Investment (losses)	(112,255)
Released restrictions	<u>621,833</u>

Total revenue and gains 2,343,117

EXPENSES:

Program expenses	1,737,243
Fundraising expenses	30,119
General and administrative expenses	<u>225,120</u>

Total expenses 1,992,482

INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS 350,635

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:

Restricted contributions	767,543
Released restrictions	<u>(621,833)</u>

INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS 145,710

INCREASE IN TOTAL NET ASSETS 496,345

NET ASSETS, BEGINNING OF YEAR 3,286,244

NET ASSETS, END OF YEAR \$ 3,782,589

GLOBAL SERVANTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022

	Program Expenses	Fundraising Expenses	General & Administrative Expenses	Total
Personnel	\$ 638,086	\$ 22,932	\$ 167,719	\$ 828,737
Grants to others	711,062	-	-	711,062
Printing & postage	160,359	429	3,465	164,253
Occupancy	93,913	3,486	11,955	109,354
Professional fees	27,586	57	24,965	52,608
Information technology	34,007	919	7,959	42,885
Travel	38,003	650	2,228	40,881
Office expenses	19,877	1,213	5,530	26,620
Supplies	14,350	433	1,299	16,082
Total expenses	\$ 1,737,243	\$ 30,119	\$ 225,120	\$ 1,992,482

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, 2022

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:

Increase in net assets	\$ 496,345
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	37,886
Unrealized market losses	203,561
Decrease in prepaid expense	14,292
(Increase) in inventory	(44,108)
(Increase) in other receivables	(13,674)
Increase in accounts payable	4,479
(Decrease) in accrued liabilities	(69,337)
(Decrease) in deferred revenue	<u>(41,100)</u>
Net cash provided by operating activities	<u>588,344</u>

CASH FLOWS (USED BY) INVESTMENT ACTIVITIES:

Purchases of property & equipment	(11,500)
Sale of investments	828,052
Purchase of investments	<u>(1,537,890)</u>
Net cash (used by) investing activities	<u>(721,338)</u>

DECREASE IN CASH (132,994)

CASH , BEGINNING OF YEAR 360,833

CASH , END OF YEAR \$ 227,839

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the year for:	
Interest	<u>\$ -</u>
Income taxes	<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, 2022

Dr. Mark Rutland founded Global Servants, Inc. (the Organization) in 1977. He started this ministry with the desire to see lives changed by the power and truth of God's word. Global Servants, Inc. 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, Inc. 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, 2022, 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. 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, 2022 was \$37,886.

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, 2022, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Organization's information returns for fiscal 2019, 2020, and 2021 remain open for examination by the appropriate regulatory authorities.

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, 2022, the Organization recognized no in-kind donations.

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2022

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, 2022.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of the standard 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 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.

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, 2022 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, 2022, 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.

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.

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2022

Note B – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at March 31, 2022:

Subject to Expenditure for Specified Purpose:

Thailand fund	\$ <u>205,620</u>
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During the year ended March 31, 2022, \$621,833 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, 2022 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 – 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, 2022 available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

Cash	\$ 227,839
Investments & restricted investments	2,552,453
Other receivables	<u>13,674</u>
 Total financial assets	 2,793,966
 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>2,793,966</u></u>

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2022

Note E – 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	\$ 1,805,414	\$ (71,886)	\$ 1,733,528
Corporate & government bonds	1	553,304	41,663	594,967
Exchange traded & closed-end funds	1	<u>226,684</u>	<u>(2,726)</u>	<u>223,958</u>
		<u>\$ 2,585,402</u>	<u>\$ (32,949)</u>	<u>\$ 2,552,453</u>

The components of investment income consist of the following for the year ended March 31, 2022:

Interest and dividends	\$ 89,544
Net realized gains and losses	1,762
Net unrealized gains and losses	<u>(203,561)</u>
Net investment income	<u>\$ (112,255)</u>

GLOBAL SERVANTS, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2022

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, 2022 was \$1,084. Future minimum lease payments are as follows:

For the Year Ending	
March 31,	
2023	\$ <u>909</u>

Note G – 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, 2022, contributions totaled \$78,085.

Note H – Subsequent Events

Management has evaluated events and transactions, which occurred through July 25, 2022, 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.