

**GLOBAL DISCIPLES**

**YEARS ENDED  
JUNE 30, 2016 AND 2015**



## Independent Auditors' Report

Board of Directors  
Global Disciples  
Lancaster, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Global Disciples (a nonprofit Organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended and the related notes to the financial statements.

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

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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 on the auditors' 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 auditors consider 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 Disciples as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Brown Schultz Steidman & Fritz*

Lancaster, Pennsylvania  
March 15, 2017

## GLOBAL DISCIPLES

### STATEMENTS OF FINANCIAL POSITION – JUNE 30, 2016 AND 2015

#### ASSETS

	<u>2016</u>	<u>2015</u>
Cash	\$ 585,024	\$ 278,740
Receivables:		
Contributions	114,151	203,054
Promise to give, current portion	54,038	58,322
Prepaid expenses	<u>1,320</u>	<u>2,030</u>
	<u>754,533</u>	<u>542,146</u>
Equipment	90,399	59,117
Leasehold improvements	<u>84,837</u>	<u>84,837</u>
	175,236	143,954
Less accumulated depreciation	<u>108,800</u>	<u>92,817</u>
	<u>66,436</u>	<u>51,137</u>
Cash restricted for retirement of international employees	43,123	46,695
Promise to give, net of current portion	29,426	100,996
Security deposit	<u>799</u>	<u>799</u>
	<u>73,348</u>	<u>148,490</u>
Total assets	<u><u>\$ 894,317</u></u>	<u><u>\$ 741,773</u></u>

See notes to financial statements.

## LIABILITIES AND NET ASSETS

	2016	2015
Liabilities:		
Accounts payable	\$ 29,980	\$ 10,082
Due to related party	1,800	1,800
Accrued expenses	103,202	107,859
Total liabilities	134,982	119,741
Net assets:		
Unrestricted:		
Undesignated	543,454	292,279
Designated grant funds:		
GDT Alliance Fund	95,405	60,184
Leadership Fund	291	291
Missions Fund	63,533	63,533
Generosity Fund	36,721	29,299
Temporarily restricted	675,871	445,586
Temporarily restricted	83,464	176,446
Total net assets	759,335	622,032
Total liabilities and net assets	\$ 894,317	\$ 741,773

**GLOBAL DISCIPLES**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
Changes in unrestricted net assets:		
Revenue and other support:		
Contributions:		
Grants	\$ 83,661	\$ 424,989
Other	3,085,650	2,411,982
Honorariums	2,361	2,125
Interest income	222	156
Special events	145	2,975
	3,172,039	2,842,227
Total revenue and other support	3,172,039	2,842,227
Net assets released from restrictions	766,189	781,744
Total unrestricted revenue and other support	3,938,228	3,623,971
Expenses:		
Program expenses:		
Training and education	2,045,003	2,210,219
Network development	963,242	879,583
	3,008,245	3,089,802
Total program expenses	3,008,245	3,089,802
Supporting services:		
General and administrative	327,517	293,497
Fundraising	372,181	254,694
	699,698	548,191
Total supporting expenses	699,698	548,191
Total expenses	3,707,943	3,637,993

(continued)

**GLOBAL DISCIPLES**

STATEMENTS OF ACTIVITIES (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Increase (decrease) in unrestricted net assets	<u>\$ 230,285</u>	<u>\$ (14,022)</u>
Changes in temporarily restricted net assets:		
Contributions:		
GDT Alliance	148,995	153,589
Micro-Business Development	44,191	103,292
Leadership Development	66,801	4,272
Staff support	413,220	438,210
Other		159,318
Net assets released from restrictions	<u>(766,189)</u>	<u>(781,744)</u>
Increase (decrease) in temporarily restricted net assets	<u>(92,982)</u>	<u>76,937</u>
Increase in net assets	137,303	62,915
Net assets:		
Beginning of year	<u>622,032</u>	<u>559,117</u>
End of year	<u><u>\$ 759,335</u></u>	<u><u>\$ 622,032</u></u>

See notes to financial statements.

## GLOBAL DISCIPLES

### STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 137,303	\$ 62,915
Adjustments:		
Depreciation	15,983	12,044
In-kind contribution received for furniture and equipment	(3,175)	(3,640)
Gain on sale of fixed assets		(264)
Change in:		
Receivables:		
Contributions	88,903	(113,368)
Promise to give	75,854	(159,318)
Other		8,499
Due to related party		1,800
Prepaid expenses	710	(168)
Cash restricted for retirement of international employees	3,572	(4,613)
Accounts payable	19,898	(16,441)
Accrued expenses	(4,657)	(1,932)
Total adjustments	<u>197,088</u>	<u>(277,401)</u>
Net cash provided by (used in) operating activities	<u>334,391</u>	<u>(214,486)</u>
Cash flows from investing activities:		
Purchase of equipment	(28,107)	(12,318)
Proceeds from sale of fixed assets		<u>550</u>
Net cash used in investing activities	<u>(28,107)</u>	<u>(11,768)</u>

(continued)

**GLOBAL DISCIPLES**

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Net increase (decrease) in cash	\$ 306,284	\$ (226,254)
Cash:		
Beginning	<u>278,740</u>	<u>504,994</u>
Ending	<u>\$ 585,024</u>	<u>\$ 278,740</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest, which is also interest expense	\$ 3,186	\$ 199
Noncash investing transactions:		
In-kind contributions of property and equipment	\$ 3,175	\$ 3,640

See notes to financial statements.

# GLOBAL DISCIPLES

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

### 1. Description of the Organization and activities:

#### *Description of the Organization:*

Global Disciples (the Organization) is incorporated under the Pennsylvania Nonprofit Corporation Law. Global Disciples receives support primarily from individuals and other not-for-profit organizations with a similar focus (the Alliance).

#### *Activities:*

Training and education – Global Disciples links with other like-minded organizations to provide various formal and non-formal training and educational options, which equip individuals and groups with the understanding and skills necessary to relate and communicate cross-culturally, to study or work internationally or to live responsibly as global citizens.

The 10% Funds of Global Disciples (the 10% Funds) – Global Disciples has made a commitment, through these funds, to give at least 10% of all unrestricted general contributions received by Global Disciples to other organizations that have a similar focus to one of the three areas that Global Disciples has identified as priority globally: cross-cultural training, micro-business development in least advantaged areas and leadership development. The two funds discussed below receive a percentage of the 10% Funds:

The Alliance Fund is the vehicle for receiving and dispersing the 10% Funds from general contributions applied toward the cross-cultural training activities of Global Disciples. Through June 30, 2016, substantially all recipients of these Grant Funds related to the GDT Alliance. All member programs of the GDT Alliance contribute 2% or more of their program budget to this fund as well. The balance of the funding of this program comes from the general fund of Global Disciples and donor restricted contributions. The funds are used as seed funds to help launch new cross-cultural training programs, for micro-business development and for program leadership development, travel and mentoring.

The Generosity Fund receives a small portion of the 10% Funds which are made available for new initiatives, special projects or immediate urgent needs of organizations and individuals closely affiliated with the Alliance.

## **GLOBAL DISCIPLES**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

#### **2. Summary of significant accounting policies:**

##### *Basis of accounting:*

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

##### *Basis of presentation:*

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) as codified in FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities in up to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

##### *Use of estimates:*

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

##### *Promise to give:*

The promise to give is stated at outstanding balance, less a discount to present value. The promise to give that is expected to be received in more than one year is discounted to present value using a risk adjusted rate of return. Any unpaid balance remaining after the stated payment terms is considered past due.

##### *Foreign currency:*

The statement of financial position reflects a foreign pledge receivable in the U.S. dollar equivalent using the rate of exchange at year-end. Contributions were recognized using the exchange rate at the pledge date. Subsequent gains and losses are calculated based on the exchange rate at fiscal year-end. The amount of foreign exchange loss included in the statement of activities for the years ended June 30, 2016 and 2015 was \$17,532 and \$13,439, respectively.

## **GLOBAL DISCIPLES**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

#### **2. Summary of significant accounting policies (continued):**

*Concentration:*

Cash:

The Organization maintains cash balances at two financial institutions. At June 30, 2016, cash balances exceeded the Federal Deposit Insurance Corporation (FDIC) limit by \$382,978.

Promise to give:

The Organization received a promise to give in future years from one donor comprising 100% of the remaining amount outstanding as of June 30, 2016.

*Equipment, leasehold improvements and depreciation:*

These assets are stated at cost, or fair value at date of donation, and depreciated using straight-line and accelerated methods over the estimated useful lives of the assets, which for leasehold improvements includes the optional renewal periods.

*Revenue recognition:*

The Organization reports gifts of cash and other assets as restricted support if they are received with stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

## GLOBAL DISCIPLES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

#### 3. Promise to give:

During the year ended June 30, 2015, the Organization received a promise to give based on a foreign currency. The promise to give adjusted for the foreign currency exchange rate at June 30, 2016 and 2015, respectively, is as follows:

	<u>2016</u>	<u>2015</u>
Unconditional promise to give	\$ 91,260	\$ 184,050
Less unamortized present value discount	<u>7,796</u>	<u>24,732</u>
Net unconditional promise to give	<u>\$ 83,464</u>	<u>\$ 159,318</u>

The promise to give is expected to be collected in more than one year and is discounted to present value using a risk adjusted rate of 11.49%. The promise to give is expected to be received in the following fiscal years:

2017	\$ 54,038
2018	<u>29,426</u>
Total	<u>\$ 83,464</u>

#### 4. Line of credit:

The Organization has a \$75,000 line of credit which is renewable annually. It accrues interest at 3.25% and is secured by the assets of the Organization. There was no outstanding balance at June 30, 2016 and 2015.

#### 5. Retirement plan:

The Organization has a retirement plan which covers all employees (U.S.-based and international) meeting certain age and service requirements. Contributions to the plan are based on 8% of eligible compensation. Contributions totaled \$51,200 and \$65,370 for the years ended June 30, 2016 and 2015, respectively.

## GLOBAL DISCIPLES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

#### 5. Retirement plan (continued):

Retirement contributions for U.S.-based employees are funded currently to a qualified defined contribution retirement plan. Retirement contributions for international employees are held as restricted cash. Interest earned on these restricted funds accrue for the benefit of the international employees until the staff member terminates employment with Global Disciples. At that time, the employee's allocated share will be forwarded to the staff member.

#### 6. Office rent:

Rent expense totaled \$45,372 and \$42,998 for the years ended June 30, 2016 and 2015, respectively.

The Organization rents office space under a lease agreement which calls for current monthly payments of \$1,139. The monthly rental increases by 3% in August of each year. In addition to the monthly lease, the Organization is responsible for paying the taxes, insurance and maintenance of the building. The lease contains two five-year renewal options. In August 2015, the Organization exercised the second option renewing the lease for an additional five years.

In August 2010, the Organization signed an agreement for additional office space. This agreement is a five-year lease, which calls for current monthly payments of \$793. The monthly rental increases by 3% in September of each year. This lease contains one five-year renewal option. In September 2015, the Organization exercised the option to renew the lease for five years.

The future minimum lease payments under the lease agreements are as follows:

2017	\$ 23,798
2018	24,506
2019	25,242
2020	26,010
2021	<u>3,068</u>
Total	<u>\$ 102,624</u>

## GLOBAL DISCIPLES

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

#### 7. Temporarily restricted net assets:

Temporarily restricted net assets are available for the following purpose or time restriction:

	<u>2016</u>	<u>2015</u>
Staff support		\$ 17,128
Time	<u>\$ 83,464</u>	<u>159,318</u>
	<u>\$ 83,464</u>	<u>\$ 176,446</u>

#### 8. Net assets released from restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or as a result of the expiration of time restrictions.

	<u>2016</u>	<u>2015</u>
Staff support	\$ 430,348	\$ 430,905
Time	75,854	89,686
Micro-Business Development	44,191	103,292
Leadership Development	66,801	4,272
GDT Alliance	<u>148,995</u>	<u>153,589</u>
	<u>\$ 766,189</u>	<u>\$ 781,744</u>

#### 9. Related party transactions and balances:

The Organization has entered into an agreement with Global Disciples Foundation (the Foundation) which has a similar mission. The Organization made contributions to the Foundation totaling \$923,010 and \$824,304 for the years ended June 30, 2016 and 2015, respectively.

The Organization received grants from the Foundation totaling \$10,000 and \$355,307 for the years ended June 30, 2016 and 2015, respectively.

## **GLOBAL DISCIPLES**

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2016 AND 2015

#### **9. Related party transactions and balances (continued):**

Certain members of the Organization's board are also members of the Foundation's board of directors. In 2016 and 2015, the Organization held banquets at a facility that is owned by a board member. The total paid to the facility was \$15,979 and \$18,396, respectively.

#### **10. Income taxes:**

The Organization has been recognized as exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes and files Form 990, *Return of Organization Exempt from Income Tax*, on an annual basis.

#### **11. Subsequent events:**

The Organization evaluated its June 30, 2016 financial statements for subsequent events through March 15, 2017, the date the financial statements were available to be issued.

Subsequent to June 30, 2016, the board approved to have the operations of Global Disciples Foundation, a related entity, merged with the Organization. This is expected to occur during the fiscal year ending June 30, 2017.