

GLOBAL DISCIPLES

**YEARS ENDED
JUNE 30, 2020 AND 2019**



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

GLOBAL DISCIPLES

YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

	Page
Independent auditor's report	1-2
Financial statements:	
Statements of financial position	3-4
Statements of activities	5-6
Statements of functional expenses	7-8
Statements of cash flows	9
Notes to financial statements	10-19

Independent Auditor's 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, 2020 and 2019, and the related statements of activities, functional expenses 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.

Auditor's 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 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 the Organization as of June 30, 2020 and 2019, 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 Steindler & Fritz

Lancaster, Pennsylvania
January 21, 2021

GLOBAL DISCIPLES

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash	\$ 1,037,204	\$ 648,003
Receivables:		
Contributions	77,231	102,370
Other	16,744	12,704
Investments	490,547	631,250
Prepaid expenses	3,330	3,330
	<u>1,625,056</u>	<u>1,397,657</u>
Total current assets		
Equipment	88,112	97,879
Leasehold improvements	84,837	84,837
	172,949	182,716
Less accumulated depreciation	<u>138,284</u>	<u>153,163</u>
	<u>34,665</u>	<u>29,553</u>
Cash restricted for retirement of international employees	54,444	27,560
Security deposit	799	799
	<u>55,243</u>	<u>28,359</u>
Total assets	<u><u>\$ 1,714,964</u></u>	<u><u>\$ 1,455,569</u></u>

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
Liabilities:		
Accounts payable	\$ 30,681	\$ 34,585
Accrued expenses	<u>244,330</u>	<u>201,631</u>
Total liabilities	<u>275,011</u>	<u>236,216</u>
Net assets:		
Without donor restrictions:		
Board designated, Generosity Fund	43,611	27,558
Undesignated	<u>1,054,357</u>	<u>774,779</u>
	1,097,968	802,337
With donor restrictions	<u>341,985</u>	<u>417,016</u>
Total net assets	<u>1,439,953</u>	<u>1,219,353</u>
Total liabilities and net assets	<u>\$ 1,714,964</u>	<u>\$ 1,455,569</u>

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restrictions:		
Revenue and other support:		
Contributions:		
Grants	\$ 398,400	
Other	4,447,247	\$ 4,352,376
Special events	19,980	
Honorariums	4,698	6,931
Investment income	19,554	28,595
	<u>4,889,879</u>	<u>4,387,902</u>
Total revenue and other support		
	4,889,879	4,387,902
Net assets released from restrictions	665,165	739,493
	<u>5,555,044</u>	<u>5,127,395</u>
Total unrestricted revenue and other support		
	5,555,044	5,127,395
Expenses:		
Program expenses:		
Global disciple training	1,808,164	2,067,150
Leadership development	710,259	614,141
Small business development	693,234	573,387
Other	1,030,802	1,115,961
	<u>4,242,459</u>	<u>4,370,639</u>
Total program expenses		
	4,242,459	4,370,639
Supporting services:		
Management and general	486,285	484,094
Fundraising	465,105	511,308
	<u>951,390</u>	<u>995,402</u>
Total supporting expenses		
	951,390	995,402
Other expenses, loss on sale of assets	65,564	
	<u>65,564</u>	
Total expenses	\$ 5,259,413	\$ 5,366,041

(continued)

GLOBAL DISCIPLES

STATEMENTS OF ACTIVITIES (CONTINUED) YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Change in net assets without donor restrictions	\$ 295,631	\$ (238,646)
Changes in net assets with donor restrictions:		
Contributions:		
GDT Alliance	133,183	221,435
Micro-Business development	29,251	23,002
Leadership development	59,372	101,694
Staff support	314,828	316,847
Legacy funds	53,500	101,046
Net assets released from restrictions	<u>(665,165)</u>	<u>(739,493)</u>
Change in net assets with donor restrictions	<u>(75,031)</u>	<u>24,531</u>
Change in net assets	220,600	(214,115)
Net assets:		
Beginning of year	<u>1,219,353</u>	<u>1,433,468</u>
End of year	<u><u>\$ 1,439,953</u></u>	<u><u>\$ 1,219,353</u></u>

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Programs				Supporting services			Total expenses
	Global disciple training program	Leadership development program	Small business development program	Other program	Total programs	Management and general	Fundraising	
Salaries	\$ 901,015	\$ 371,823	\$ 237,596	\$ 266,547	\$ 1,776,981	\$ 257,670	\$ 256,716	\$ 2,291,367
Benefits and taxes	237,164	97,871	62,540	70,160	467,735	102,088	99,332	669,155
Professional fees	52,493	21,662	13,842	15,529	103,526	34,670	7,662	145,858
Supplies and operating expenses	85,177	35,150	22,461	43,841	186,629	27,927	35,565	250,121
Occupancy	25,361	10,466	6,688	7,503	50,018	13,691	7,092	70,801
Travel	71,957	29,695	18,975	21,287	141,914	1,036	16,089	159,039
Meetings	138,490	44,892	88,750	549,623	821,755	46,035	41,103	908,893
Program seed funds	296,507	98,700	242,382		637,589			637,589
Insurance				6,634	6,634	2,782	1,284	10,700
Miscellaneous				49,678	49,678	386	262	50,326
	\$ 1,808,164	\$ 710,259	\$ 693,234	\$ 1,030,802	\$ 4,242,459	\$ 486,285	\$ 465,105	\$ 5,193,849

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Programs				Total programs	Supporting services		Total expenses
	Global disciple training program	Leadership development program	Small business development program	Other program		Management and general	Fundraising	
Salaries	\$ 872,139	\$ 307,148	\$ 177,014	\$ 239,347	\$ 1,595,648	\$ 253,267	\$ 247,004	\$ 2,095,919
Benefits and taxes	229,944	80,981	46,671	63,105	420,701	105,970	106,509	633,180
Professional fees	47,664	16,787	9,675	13,081	87,207	19,540	10,168	116,915
Supplies and operating expenses	100,619	35,436	20,422	34,547	191,024	26,416	37,022	254,462
Occupancy	28,194	9,929	5,722	7,738	51,583	14,641	7,036	73,260
Travel	106,811	37,617	21,679	29,313	195,420	4,035	19,558	219,013
Meetings	148,424	46,943	70,473	692,892	958,732	54,757	77,689	1,091,178
Program seed funds	533,355	79,300	221,731		834,386			834,386
Insurance				5,793	5,793	2,659	1,045	9,497
Miscellaneous				30,145	30,145	2,809	5,277	38,231
	\$ 2,067,150	\$ 614,141	\$ 573,387	\$ 1,115,961	\$ 4,370,639	\$ 484,094	\$ 511,308	\$ 5,366,041

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 220,600	\$ (214,115)
Adjustments:		
Depreciation	14,471	13,867
Donated asset	(322,000)	
Loss on disposal of equipment	65,564	
Unrealized (gain) loss on investments	(2,101)	(16,367)
Realized (gain) loss on investments	(5,603)	6,198
Change in:		
Receivables:		
Contributions	25,139	142,600
Other	(4,040)	(2,511)
Accounts payable	(3,904)	(17,084)
Accrued expenses	42,699	40,110
Total adjustments	(189,775)	166,813
Net cash provided by (used in) operating activities	30,825	(47,302)
Cash flows from investing activities:		
Proceeds from sale of asset	260,000	
Purchase of equipment	(23,147)	(12,132)
Proceeds from sale of investments	278,883	213,782
Purchase of investments	(130,476)	(268,129)
Net cash provided by (used in) investing activities	385,260	(66,479)
Net increase (decrease) in cash and restricted cash	416,085	(113,781)
Cash:		
Beginning	675,563	789,344
Ending	\$ 1,091,648	\$ 675,563
Reconciliation to cash:		
Cash	\$ 1,037,204	\$ 648,003
Restricted cash	54,444	27,560
Total cash	\$ 1,091,648	\$ 675,563
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 813	\$ 802

See notes to financial statements.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies:

Description of the Organization:

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

The board approved merging the operations of Global Disciples Foundation (the Foundation), a related entity, with the Organization effective January 1, 2017. The Foundation remains a separate organization with its own governing body, but the Foundation's operations are inactive as a result of the merger, and all employees of the Foundation are now considered employees of the Organization.

Activities:

Training and education – The Organization 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) – The Organization has made a commitment, through these funds, to give at least 10% of all unrestricted general contributions received by the Organization to other organizations that have a similar focus to one of the three areas that the Organization 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 the Organization. Through June 30, 2020, 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 the Organization 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 YEARS ENDED JUNE 30, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies (continued):

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.

Financial statement presentation:

Financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Cash and cash equivalents:

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments:

Investments are carried at fair value. Investments in mutual funds with readily determinable fair values are valued at their quoted market price. Unrealized gains and losses are included in the change in net assets without donor restrictions.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies (continued):

Revenue recognition:

Grant funds are evaluated when received to determine if they are an exchange transaction or non-exchange transaction. For grants that come with specific performance obligations, the Organization will recognize the revenue when those performance obligations are met. The Organization tracks the progress on each of these performance obligations so it knows when to recognize the revenue.

Functional classification of expenses:

Natural expenses attributable to more than one functional expense category are allocated using management's estimate of staff time spent on each program, management and general and fundraising service. Program costs were allocated based upon the anticipated program activity for each specific program.

Use of estimates:

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

Income tax status:

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.

Recently issued accounting standards:

Revenue:

FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts and Customers (Topic 606)*, with effective dates amended by FASB ASU 2015-14, is effective for the Organization's 2021 year end and identifies specific steps to be applied to properly recognize revenue from customer contracts. Under the standard, revenue recognition is determined using a five-step model which identifies customer contracts, identifies performance obligations in each contract, determines transaction price, allocates transaction price to performance obligations and recognizes revenue when or as the performance obligations are satisfied. The standard permits the use of either the retrospective or cumulative effect transition method. The Organization is evaluating the effect that FASB ASU 2014-09 will have on its financial statements. The Organization has not yet selected a transition method, nor has it determined the effect of the standard on its ongoing financial reporting.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

1. Nature of activities and summary of significant accounting policies (continued):

Recently issued accounting standards:

Leases:

FASB ASU 2016-02, *Leases*, is effective for the Organization's 2023 year end and requires that all leases with terms of more than 12 months be recognized as assets and liabilities on the statement of financial position. Recognition of these lease assets and lease liabilities represents a change from previous GAAP, which did not require lease assets and lease liabilities to be recognized for operating leases. Qualitative disclosures along with specific quantitative disclosures will be required to provide enough information to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity's leasing activities.

The Organization will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that the Organization may elect to apply. At adoption, the Organization will recognize a right-of-use asset and a lease liability initially measured at the present value of its operating lease payments. The Organization is currently evaluating the impacts of adopting this guidance on its financial position, results of operations and cash flows.

2. Adoption of new accounting pronouncement:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improved guidance to better distinguish between conditional and unconditional contributions.

Effective July 1, 2019, the Organization adopted ASU 2018-08. There was no quantitative impact as a result of adopting ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect for that period.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

3. Financial assets and liquidity resources:

As of June 30, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, payments of liabilities and purchases of property and equipment were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,037,204	\$ 648,003
Receivables:		
Contributions	77,231	102,370
Other	16,744	12,704
Investments	<u>490,547</u>	<u>631,250</u>
Total financial assets	1,621,726	1,394,327
Net assets with donor restrictions, time restricted for legacy fund	(341,985)	(417,016)
Board designations for GDT alliance fund	<u>(43,611)</u>	<u>(27,558)</u>
Total financial assets available within one year	<u><u>\$ 1,236,130</u></u>	<u><u>\$ 949,753</u></u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Line of credit:

The Organization has a \$150,000 line of credit which is renewable annually. It accrues interest at 5.5% and is secured by the assets of the Organization. There was no outstanding balance at June 30, 2020 and 2019.

5. Investments:

The Legacy Fund was opened during the fiscal year ended June 30, 2017. Global Disciples will withdraw 20% of the original year's contributions of \$155,936 plus any accrued interest, per year, for the next five years for the purpose of providing seed funds for the Organization to launch new training programs. Additional contributions to the funds will also be withdrawn at a rate of 20% per year plus any accrued interest. The fair value of the Legacy Fund at June 30, 2020 and 2019 was \$334,288 and \$375,565, respectively. During the year ended June 30, 2020 and 2019, contributions to the Legacy Fund were \$30,000 and \$139,000, and withdrawals were \$125,000 and \$75,200, respectively.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

5. Investments (continued):

The following table represents the investments held at June 30:

	2020		
	Cost	Fair value	Unrealized appreciation (depreciation)
Fixed income mutual funds	\$ 275,424	\$ 288,683	\$ 13,259
Equity mutual funds	159,438	162,169	2,731
Other	39,986	39,694	(292)
	\$ 474,848	\$ 490,546	\$ 15,698
	2019		
	Cost	Fair value	Unrealized appreciation (depreciation)
Fixed income mutual funds	\$ 365,240	\$ 372,387	\$ 7,147
Equity mutual funds	195,411	200,604	5,193
Other	57,002	58,259	1,257
	\$ 617,653	\$ 631,250	\$ 13,597

The following schedule summarizes the investment income in the accompanying statement of activities for the years ended June 30, 2020 and 2019:

	2020	2019
Interest and dividends, net of fees	\$ 11,850	\$ 18,426
Realized/unrealized gain	7,704	10,169
	\$ 19,554	\$ 28,595

The Organization records its investments at fair value. As such, unrealized gains referred to above are recognized in the accompanying statement of activities.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

6. Fair value measurements:

The Organization follows FASB ASC 820, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value in GAAP and requires expanded disclosures about fair value measurements. FASB ASC 820 establishes a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets carried at fair value to be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.). The Organization does not hold any Level 2 investments.

Level 3 – Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments). The Organization does not hold any Level 3 investments.

All Organization investments are classified as Level 1 investments for the years ended June 30, 2020 and 2019.

See Note 1 for a description of the valuation methodologies used for assets carried at fair value.

7. 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 \$171,039 and \$138,453 for the years ended June 30, 2020 and 2019, respectively.

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 the Organization. At that time, the employee's allocated share will be forwarded to the staff member.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

8. Office rent:

Rent expense totaled \$48,616 and \$47,611 for the years ended June 30, 2020 and 2019, respectively.

The Organization rents office space under a lease agreement which calls for current monthly payments of \$1,245. 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 September 2020, the Organization signed a five-year lease extension for the rented office space which calls for monthly payments of \$1,314. The monthly rental increases by 2.5% in September of each year. In addition to the monthly lease, the Organization is responsible for paying the taxes, insurance and maintenance of the building.

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 \$866. 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:

2021	\$ 16,213
2022	16,102
2023	16,505
2024	16,918
2025	17,341
2026	<u>2,902</u>
Total	<u>\$ 85,981</u>

9. Net assets with donor restrictions:

Net assets with donor restrictions as of June 30, 2020 and 2019 are restricted for the following purposes:

	<u>2020</u>	<u>2019</u>
Time restriction for Legacy Fund	<u>\$ 341,985</u>	<u>\$ 417,016</u>

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

10. 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>2020</u>	<u>2019</u>
Staff support	\$ 314,828	\$ 316,847
Time restriction expired for Legacy Funds	128,531	76,515
Micro-Business development	29,251	23,002
Leadership development	59,372	101,694
GDT Alliance	<u>133,183</u>	<u>221,435</u>
	<u>\$ 665,165</u>	<u>\$ 739,493</u>

11. Related party transactions and balances:

In 2020 and 2019, the Organization held banquets at a facility that is owned by a board member. The total paid to the facility was \$14,706 and \$24,716, respectively.

12. Concentrations:

As of June 30, 2020 and 2019, four and two contributors accounted for 69% and 64% of the Organization's total contributions receivable, respectively.

The Organization maintains cash balances at three financial institutions where the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020 and 2019, cash balances exceeded the FDIC limit by \$732,015 and \$197,343, respectively.

13. Paycheck protection program:

The Paycheck Protection Program was established under the CARES Act on March 27, 2020, and was designed to provide cash-flow assistance to small businesses including certain not-for-profit organizations. This program provides relief as a result of the Coronavirus pandemic with loan funds to pay up to 24 weeks of payroll costs, including fringe benefits, rent and utilities commencing on the date of loan origination. The Paycheck Protection Program is a loan program that is guaranteed in its entirety through the Small Business Administration and offers a maturity of two years and an interest rate of one percent (1%). The principal amount of the loan may be partially or fully forgiven if the loan funds are utilized in a manner consistent with the allowable use of loan proceeds.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2020 AND 2019

13. Paycheck protection program (continued):

The Organization applied for and received loan proceeds totaling \$398,400 in April 2020. As of June 30, 2020, the full amount has been recognized as grant contributions income since the conditions upon which the loan proceeds were provided have been substantially met, including all of the qualified expenses being incurred prior to June 30, 2020. Management of the Organization anticipates total forgiveness and the funds are being reported in accordance with FASB ASC 958-605.

14. Risks and uncertainties:

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government has also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus has caused business disruption to the Organization beginning in March 2020, due to state government-imposed shutdowns of businesses and other results of the illness. While the Organization expects this matter may negatively impact its results, the extent of the impact of the COVID-19 on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19 on overall demand for the Organization's services, all of which are highly uncertain and cannot be predicted.

15. Subsequent events:

The Organization has evaluated its June 30, 2020 financial statements for subsequent events through January 21, 2021, the date which the financial statements were available to be issued.