

GLOBAL DISCIPLES

***YEARS ENDED
JUNE 30, 2015 AND 2014***



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, 2015 and 2014, 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, 2015 and 2014, 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 Steidam & Fritz

Lancaster, Pennsylvania

February 9, 2016

GLOBAL DISCIPLES

STATEMENTS OF FINANCIAL POSITION – JUNE 30, 2015 AND 2014

ASSETS

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Cash | \$ 278,740 | \$ 504,994 |
| Receivables: | | |
| Contributions | 203,054 | 89,686 |
| Promise to give, current portion | 58,322 | |
| Other | 8,499 | |
| Prepaid expenses | <u>2,030</u> | <u>1,862</u> |
| | <u>542,146</u> | <u>605,041</u> |
| Equipment | 59,117 | 52,076 |
| Leasehold improvements | <u>84,837</u> | <u>84,837</u> |
| | <u>143,954</u> | <u>136,913</u> |
| Less accumulated depreciation | <u>92,817</u> | <u>89,404</u> |
| | <u>51,137</u> | <u>47,509</u> |
| Cash restricted for retirement of international employees | 46,695 | 42,082 |
| Promise to give, net of current portion | 100,996 | |
| Security deposit | <u>799</u> | <u>799</u> |
| | <u>148,490</u> | <u>42,881</u> |
| Total assets | <u>\$ 741,773</u> | <u>\$ 695,431</u> |

See notes to financial statements.

LIABILITIES AND NET ASSETS

| | <u>2015</u> | <u>2014</u> |
|--------------------------------------|-----------------------|-----------------------|
| Liabilities: | | |
| Accounts payable | \$ 10,082 | \$ 26,523 |
| Due to related party | 1,800 | |
| Accrued expenses | <u>107,859</u> | <u>109,791</u> |
| Total liabilities | <u>119,741</u> | <u>136,314</u> |
| Net assets: | | |
| Unrestricted: | | |
| Undesignated | 292,279 | 262,215 |
| Designated grant funds: | | |
| GDT Alliance Fund | 60,184 | 99,690 |
| Leadership Fund | 291 | 291 |
| Missions Fund | 63,533 | 72,357 |
| Lead Alliance Fund | 12,517 | |
| Generosity Fund | <u>29,299</u> | <u>12,538</u> |
| Temporarily restricted | 445,586 | 459,608 |
| | <u>176,446</u> | <u>99,509</u> |
| Total net assets | <u>622,032</u> | <u>559,117</u> |
| Total liabilities and net assets | <u>\$ 741,773</u> | <u>\$ 695,431</u> |

GLOBAL DISCIPLES
STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|------------------|------------------|
| Changes in unrestricted net assets: | | |
| Revenue and other support: | | |
| Contributions: | | |
| Grants | \$ 424,989 | \$ 1,074,898 |
| Other | 2,411,982 | 1,683,288 |
| Honorariums | 2,125 | 1,405 |
| Interest income | 156 | 155 |
| Special events | 2,975 | |
| Total revenue and other support | 2,842,227 | 2,759,746 |
| Net assets released from restrictions | 781,744 | 927,202 |
| Total unrestricted revenue and other support | <u>3,623,971</u> | <u>3,686,948</u> |
| Expenses: | | |
| Program expenses: | | |
| Training and education | 2,210,219 | 2,302,454 |
| Network development | 879,583 | 740,384 |
| Total program expenses | 3,089,802 | 3,042,838 |
| Supporting services: | | |
| General and administrative | 293,497 | 186,610 |
| Fundraising | 254,694 | 291,624 |
| Total supporting expenses | <u>548,191</u> | <u>478,234</u> |
| Total expenses | <u>3,637,993</u> | <u>3,521,072</u> |

(continued)

GLOBAL DISCIPLES

STATEMENTS OF ACTIVITIES (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|--|--------------------|-------------------|
| Increase (decrease) in unrestricted net assets | <u>\$ (14,022)</u> | <u>\$ 165,876</u> |
| Changes in temporarily restricted net assets: | | |
| Contributions: | | |
| GDT Alliance | 153,589 | 282,512 |
| Micro-Business Development | 103,292 | 115,364 |
| Leadership Development | 4,272 | 15,436 |
| Staff support | 438,210 | 398,522 |
| Other | 159,318 | 89,686 |
| Net assets released from restrictions | <u>(781,744)</u> | <u>(927,202)</u> |
| Increase (decrease) in temporarily restricted net assets | <u>76,937</u> | <u>(25,682)</u> |
| Increase in net assets | 62,915 | 140,194 |
| Net assets: | | |
| Beginning of year | <u>559,117</u> | <u>418,923</u> |
| End of year | <u>\$ 622,032</u> | <u>\$ 559,117</u> |

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 62,915 | \$ 140,194 |
| Adjustments: | | |
| Depreciation | 12,044 | 9,280 |
| In-kind contribution received for furniture and equipment | (3,640) | (13,000) |
| Gain on sale of fixed assets | (264) | |
| Change in: | | |
| Receivables: | | |
| Contributions | (113,368) | 13,969 |
| Promise to give | (159,318) | |
| Other | 8,499 | (923) |
| Due from related party | | 50,000 |
| Due to related party | 1,800 | |
| Prepaid expenses | (168) | (52) |
| Cash restricted for retirement of international employees | (4,613) | (2,652) |
| Accounts payable | (16,441) | 24,040 |
| Accrued expenses | (1,932) | 17,496 |
| Total adjustments | <u>(277,401)</u> | <u>98,158</u> |
| Net cash provided by (used in) operating activities | <u>(214,486)</u> | <u>238,352</u> |
| Cash flows from investing activities: | | |
| Purchase of equipment | (12,318) | (1,262) |
| Proceeds from sale of fixed assets | <u>550</u> | |
| Net cash used in investing activities | <u>(11,768)</u> | <u>(1,262)</u> |
| Net increase (decrease) in cash | (226,254) | 237,090 |
| Cash: | | |
| Beginning | <u>504,994</u> | <u>267,904</u> |
| Ending | <u>\$ 278,740</u> | <u>\$ 504,994</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the year for interest, which is also interest expense | \$ 199 | \$ 586 |
| Noncash investing transactions: | | |
| In-kind contributions of property and equipment | \$ 3,640 | \$ 13,000 |

See notes to financial statements.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

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 three funds discussed below receive a percentage of the 10% Funds:

The GDT 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, 2015, 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 and for program leadership development, travel and mentoring.

The Micro-Business Development Grant Fund is the vehicle for receiving and dispersing the 10% Funds from general contributions applied toward the Global Access activities of Global Disciples. The director of this track, along with the executive director, determines what organizations with a similar focus will be the recipients of grants from this fund.

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 affiliated with the Alliance.

GLOBAL DISCIPLES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

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.

Temporarily restricted net assets:

In 2014, contributions receivable were included in temporarily restricted net assets. For 2015 and future years, contributions receivable will be unrestricted as they are received within the following fiscal year.

Use of estimates:

The preparation of financial statements in conformity 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.

GLOBAL DISCIPLES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

2. Summary of significant accounting policies (continued):

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 year ended June 30, 2015 is \$13,439. There were no exchange losses in the fiscal year ended June 30, 2014.

Concentration:

Cash:

The Organization maintains cash balances at two financial institutions. At June 30, 2015, cash balances exceeded the Federal Deposit Insurance Corporation (FDIC) limit by \$106,704.

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, 2015.

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, 2015 AND 2014

2. Summary of significant accounting policies (continued)

Subsequent events:

The Organization evaluated its June 30, 2015 financial statements for subsequent events through February 9, 2016, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

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 is as follows:

| | |
|---|-------------------|
| Unconditional promise to give | \$ 184,050 |
| Less unamortized present value discount | <u>24,732</u> |
| Net unconditional promise to give | <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:

| | |
|-------|-------------------|
| 2016 | \$ 58,322 |
| 2017 | 65,388 |
| 2018 | <u>35,608</u> |
| Total | <u>\$ 159,318</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, 2015 and 2014.

GLOBAL DISCIPLES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

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 \$65,370 and \$65,832 for the years ended June 30, 2015 and 2014, 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 Global Disciples. At that time, the employee's allocated share will be forwarded to the staff member.

6. Office rent:

Rent expense totaled \$42,998 and \$41,075 for the years ended June 30, 2015 and 2014, respectively.

The Organization rents office space under a lease agreement which calls for current monthly payments of \$1,106. 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 2010, the Organization exercised the first option renewing the lease for five years. 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 \$769. 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.

GLOBAL DISCIPLES
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2015 AND 2014

6. Office rent (continued):

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

| | |
|------------|--------------------------|
| 2016 | \$ 23,103 |
| 2017 | 23,798 |
| 2018 | 24,506 |
| 2019 | 25,242 |
| 2020 | 26,010 |
| thereafter | <u>3,068</u> |
| Total | <u><u>\$ 125,727</u></u> |

7. Temporarily restricted net assets:

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

| | <u>2015</u> | <u>2014</u> |
|---------------|--------------------------|-------------------------|
| Staff support | \$ 17,128 | \$ 9,823 |
| Time | <u>159,318</u> | <u>89,686</u> |
| | <u><u>\$ 176,446</u></u> | <u><u>\$ 99,509</u></u> |

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2015 AND 2014

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>2015</u> | <u>2014</u> |
|----------------------------|-------------------|-------------------|
| Staff support | \$ 430,905 | \$ 410,235 |
| Time | 89,686 | 103,655 |
| Micro-Business Development | 103,292 | 115,364 |
| Leadership Development | 4,272 | 15,436 |
| GDT Alliance | <u>153,589</u> | <u>282,512</u> |
| | <u>\$ 781,744</u> | <u>\$ 927,202</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 \$824,304 and \$694,527 for the years ended June 30, 2015 and 2014, respectively.

The Organization received grants from the Foundation totaling \$355,307 and \$1,008,448 for the years ended June 30, 2015 and 2014, respectively.

Certain members of the Organization's board are also members of the Foundation's board of directors. In 2015 and 2014, the Organization held banquets at a facility that is owned by a board member. The total paid to the facility was \$18,396 and \$13,148, 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.

The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service for the years ended June 30, 2012 through 2015.