

GLOBAL DISCIPLES

***YEARS ENDED
JUNE 30, 2019 AND 2018***



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, 2019 and 2018, 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.

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 the Organization as of June 30, 2019 and 2018, 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 Steindam's Fritz

Lancaster, Pennsylvania
December 9, 2019

GLOBAL DISCIPLES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Cash	\$ 648,003	\$ 768,351
Receivables:		
Contributions	102,370	244,970
Other	12,704	10,193
Investments	631,250	566,734
Prepaid expenses	3,330	3,330
	1,397,657	1,593,578
Equipment	97,879	90,447
Leasehold improvements	84,837	84,837
	182,716	175,284
Less accumulated depreciation	153,163	143,996
	29,553	31,288
Cash restricted for retirement of international employees	27,560	20,993
Security deposit	799	799
	28,359	21,792
Total assets	\$ 1,455,569	\$ 1,646,658

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2019 AND 2018

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
Liabilities:		
Accounts payable	\$ 34,585	\$ 51,669
Accrued expenses	<u>201,631</u>	<u>161,521</u>
Total liabilities	<u>236,216</u>	<u>213,190</u>
Net assets:		
Without donor restrictions:		
Board designated, GDT Alliance Fund	27,558	17,813
Undesignated	<u>774,779</u>	<u>1,023,170</u>
With donor restrictions	<u>802,337</u>	<u>1,040,983</u>
Total net assets	<u>417,016</u>	<u>392,485</u>
Total net assets	<u>1,219,353</u>	<u>1,433,468</u>
Total liabilities and net assets	<u><u>\$ 1,455,569</u></u>	<u><u>\$ 1,646,658</u></u>

See notes to financial statements.

GLOBAL DISCIPLES
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenue and other support:		
Contributions:		
Grants		\$ 4,447
Other	\$ 4,352,376	4,849,041
Honorariums	6,931	6,861
Investment income	28,595	2,892
Total revenue and other support	4,387,902	4,863,241
Net assets released from restrictions	739,493	578,634
Total unrestricted revenue and other support	5,127,395	5,441,875
Expenses:		
Program expenses:		
Global disciple training	2,067,150	2,018,760
Leadership development	614,141	585,147
Small business development	573,387	505,682
Other	1,115,961	1,047,415
Total program expenses	4,370,639	4,157,004
Supporting services:		
Management and general	484,094	370,899
Fundraising	511,308	498,837
Total supporting expenses	995,402	869,736
Total expenses	5,366,041	5,026,740

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GLOBAL DISCIPLES
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Change in net assets without donor restrictions	\$ (238,646)	\$ 415,135
Changes in net assets with donor restrictions:		
Contributions:		
GDT Alliance	221,435	112,735
Micro-Business Development	23,002	3,117
Leadership Development	101,694	51,187
Staff support	316,847	339,800
Legacy Funds	101,046	275,000
Net assets released from restrictions	<u>(739,493)</u>	<u>(578,634)</u>
Change in net assets with donor restrictions	<u>24,531</u>	<u>203,205</u>
Change in net assets	(214,115)	618,340
Net assets:		
Beginning of year	<u>1,433,468</u>	<u>815,128</u>
End of year	<u>\$ 1,219,353</u>	<u>\$ 1,433,468</u>

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
	<u>\$ 2,067,150</u>	<u>\$ 614,141</u>	<u>\$ 573,387</u>	<u>\$ 1,115,961</u>	<u>\$ 4,370,639</u>	<u>\$ 484,094</u>	<u>\$ 511,308</u>	<u>\$ 5,366,041</u>

See notes to financial statements.

GLOBAL DISCIPLES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	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	\$ 846,164	\$ 276,927	\$ 124,889	\$ 220,232	\$ 1,468,212	\$ 213,374	\$ 192,435	\$ 1,874,021
Benefits and Taxes	229,847	75,223	33,924	59,822	398,816	79,759	103,768	582,343
Professional Fees	42,902	14,041	6,332	11,166	74,441	13,431	30,702	118,574
Supplies and Operating Expenses	123,048	40,270	18,161	40,229	221,708	24,116	60,186	306,010
Occupancy	29,036	9,502	4,285	7,557	50,380	6,744	13,213	70,337
Travel	107,722	35,254	15,899	28,037	186,912	3,381	26,103	216,396
Meetings	147,087	76,520	105,580	644,555	973,742	28,641	67,038	1,069,421
Program Seed Funds	492,954	57,410	196,612		746,976			746,976
Insurance				6,312	6,312	1,243	2,008	9,563
Miscellaneous				29,505	29,505	210	3,384	33,099
	<u>\$ 2,018,760</u>	<u>\$ 585,147</u>	<u>\$ 505,682</u>	<u>\$ 1,047,415</u>	<u>\$ 4,157,004</u>	<u>\$ 370,899</u>	<u>\$ 498,837</u>	<u>\$ 5,026,740</u>

See notes to financial statements.

GLOBAL DISCIPLES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	<u>\$ (214,115)</u>	<u>\$ 618,340</u>
Adjustments:		
Depreciation	13,867	16,406
Loss on disposal of equipment		319
Unrealized (gain) loss on investments	(16,367)	2,770
Realized (gain) loss on investments	6,198	(1,209)
Change in:		
Receivables:		
Contributions	142,600	(136,977)
Promise to give		33,344
Other	(2,511)	(4,963)
Prepaid expenses		1,849
Cash restricted for retirement of international employees	(6,567)	52,398
Accounts payable	(17,084)	(280)
Due to related party		(1,800)
Accrued expenses	<u>40,110</u>	<u>(5,457)</u>
Total adjustments	<u>160,246</u>	<u>(43,600)</u>
Net cash provided by (used in) operating activities	<u>(53,869)</u>	<u>574,740</u>
Cash flows from investing activities:		
Purchase of equipment	(12,132)	(4,563)
Proceeds from sale of investments	213,782	23,870
Purchase of investments	<u>(268,129)</u>	<u>(434,732)</u>
Net cash used in investing activities	<u>(66,479)</u>	<u>(415,425)</u>

(continued)

GLOBAL DISCIPLES

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Net increase (decrease) in cash	\$ (120,348)	\$ 159,315
Cash:		
Beginning	<u>768,351</u>	<u>609,036</u>
Ending	<u>\$ 648,003</u>	<u>\$ 768,351</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 802	\$ 2,240

See notes to financial statements.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019, 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, 2019 AND 2018

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.

Adoption of new accounting pronouncement:

In 2019, the Organization implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative periods presented. The new standard changes the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a statement of functional expenses for each year presented. A disclosure has been added describing the allocation method used by the Organization.
- The footnotes include a new disclosure about liquidity and availability of resources (Note 2).

Basis of presentation:

Financial statement presentation follows the requirements of the 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

1. Nature of activities and 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 gain (loss) included in the statement of activities for the years ended June 30, 2019 and 2018 was \$0 and \$(289), respectively.

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, 2019 AND 2018

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

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.

Reclassifications:

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation.

Recently issued accounting standards:

Revenue:

FASB 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 2020 fiscal 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 ASU 2014-09 will have on the Organization's 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, 2019 AND 2018

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 2021 fiscal year end and requires that all leases with terms of more than 12 months be recognized as assets and liabilities on the balance sheet. Recognition of these lease assets and lease liabilities represents a change from previous generally accepted accounting principles (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.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

2. Financial assets and liquidity resources:

As of June 30, 2019 and 2018, 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>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 648,003	\$ 768,351
Receivables:		
Contributions	102,370	244,970
Other	12,704	10,193
Investments	<u>631,250</u>	<u>566,734</u>
Total financial assets	1,394,327	1,590,248
Less net assets with donor restrictions, time restricted for legacy fund	(417,016)	(392,485)
Less board designations for GDT alliance fund	<u>(27,558)</u>	<u>(17,813)</u>
Total financial assets available within one year	<u>\$ 949,753</u>	<u>\$ 1,179,950</u>

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

3. 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, 2019 and 2018.

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

4. 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, 2019 and 2018 was \$375,565 and \$236,845, respectively. During the year ended June 30, 2019 and 2018, contributions to the Legacy Fund were \$139,000 and \$275,000, and withdrawals were \$75,200 and \$38,451, respectively.

The following table represents the investments held at June 30:

	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
Total investments	\$ 617,653	\$ 631,250	\$ 13,597
	2018		
	Cost	Fair value	Unrealized appreciation (depreciation)
Fixed income mutual funds	\$ 345,692	\$ 341,349	\$ (4,343)
Equity mutual funds	171,279	174,291	3,012
Other	52,533	51,094	(1,439)
Total investments	\$ 569,504	\$ 566,734	\$ (2,770)

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

4. Investments (continued):

The following schedule summarizes the investment income in the accompanying statement of activities for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends, net of fees	\$ 18,426	\$ 4,453
Realized/unrealized gain (loss)	<u>10,169</u>	<u>(1,561)</u>
Investment income	<u><u>\$ 28,595</u></u>	<u><u>\$ 2,892</u></u>

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

5. 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, 2019 and 2018.

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

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

6. 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 \$138,453 and \$119,781 for the years ended June 30, 2019 and 2018, 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.

7. Office rent:

Rent expense totaled \$47,611 and \$43,211 for the years ended June 30, 2019 and 2018, 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 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:

2020	\$ 26,010
2021	<u>3,068</u>
Total	<u>\$ 29,078</u>

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

8. Net assets with donor restrictions:

Net assets with donor restrictions as of June 30, 2019 and 2018 are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Time restriction: For Legacy Fund	<u>\$ 417,016</u>	<u>\$ 392,485</u>

9. 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>2019</u>	<u>2018</u>
Staff support	\$ 316,847	\$ 339,800
Time restriction expired for promise to give		33,344
Time restriction expired for Legacy Funds	76,515	38,451
Micro-Business development	23,002	3,117
Leadership development	101,694	51,187
GDT Alliance	<u>221,435</u>	<u>112,735</u>
	<u>\$ 739,493</u>	<u>\$ 578,634</u>

GLOBAL DISCIPLES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

10. Related party transactions and balances:

In 2019 and 2018, the Organization held banquets at a facility that is owned by a board member. The total paid to the facility was \$24,716 and \$18,476, respectively.

11. 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.

12. Concentrations:

For the year ended June 30, 2018, one contributor accounted for 29% of the Organization's total revenues. For the year ended June 30, 2019, there were no concentrations.

As of June 30, 2019 and 2018, two contributors accounted for 64% and 51% of the Organization's total contributions receivable, respectively.

The Organization maintains cash balances at two financial institutions where the balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2019 and 2018, cash balances exceeded the FDIC limit by \$197,343 and \$516,069, respectively.

13. Subsequent events:

The Organization has evaluated its June 30, 2019 financial statements for subsequent events through December 9, 2019, the date which the financial statements were available to be issued.