

GLOBAL OUTREACH MISSION, INC.
(INCORPORATED WITHOUT SHARE CAPITAL UNDER THE
LAWS OF THE PROVINCE OF ONTARIO)
AND GLOBAL OUTREACH MISSION, INC.
(INCORPORATED UNDER THE NOT-FOR-PROFIT
CORPORATION LAWS OF THE STATE OF NEW YORK)
Combined Financial Statements
the Years Ended August 31, 2019 and 2018
an Independent Auditors' Report

GLOBAL OUTREACH MISSION, INC.
(Incorporated Without Share Capital
Under the Laws of the Province of Ontario)
and
GLOBAL OUTREACH MISSION, INC.
(Incorporated Under the Not-For-Profit
Corporation Laws of the State of New York)
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Years Ended August 31, 2019 and 2018

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Global Outreach Mission, Incorporated:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Global Outreach Mission, Inc. (incorporated without share capital under the laws of the Province of Ontario) and Global Outreach Mission, Inc. (incorporated under the not-for-profit corporation laws of the State of New York), which comprise the combined statements of financial position as of August 31, 2019 and 2018, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 entity'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Global Outreach Mission, Inc. (incorporated without share capital under the laws of the Province of Ontario) and Global Outreach Mission, Inc. (incorporated under the not-for-profit corporation laws of the State of New York) as of August 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Drescher & Malecki LLP

October 24, 2019

GLOBAL OUTREACH MISSION, INC.
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Combined Statement of Financial Position
August 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,511,085	\$ 1,682,501
Accounts receivable	6,344	3,565
Mortgage receivable	50,000	975,000
Total current assets	2,567,429	2,661,066
Noncurrent assets:		
Investments	3,943,510	3,487,305
Land, buildings and equipment, net	863,980	823,664
Total noncurrent assets	4,807,490	4,310,969
Total assets	\$ 7,374,919	\$ 6,972,035
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	52,116	24,533
Total liabilities	52,116	24,533
Net assets:		
Without donor restrictions	7,718,166	7,257,374
With donor restrictions	175,000	175,000
Cumulative translation adjustment (see Note 11)	(570,363)	(484,872)
Total net assets, as translated	7,322,803	6,947,502
Total liabilities and net assets	\$ 7,374,919	\$ 6,972,035

The accompanying notes are an integral part of these financial statements.

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Combined Statement of Activities
Year Ended August 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions and bequests	\$ 6,644,501	\$ -	\$ 6,644,501
Program charges and fees	225	-	225
Investment income	132,182	-	132,182
Realized/unrealized gain on investments	108,001	-	108,001
Rental income	29,162	-	29,162
Other income	<u>90,231</u>	<u>-</u>	<u>90,231</u>
Total revenues, gains, and other support	<u>7,004,302</u>	<u>-</u>	<u>7,004,302</u>
EXPENSES:			
Program expenses:			
Missionary and related expenses	5,031,305	-	5,031,305
General administrative	1,386,553	-	1,386,553
Fundraising	<u>111,277</u>	<u>-</u>	<u>111,277</u>
Total expenses	<u>6,529,135</u>	<u>-</u>	<u>6,529,135</u>
Change in net assets from operating activities	475,167	-	475,167
Nonoperating activities:			
Loss on sale of capital assets	<u>14,375</u>	<u>-</u>	<u>14,375</u>
Change in net assets	460,792	-	460,792
Net assets—beginning of year	<u>7,257,374</u>	<u>175,000</u>	<u>7,432,374</u>
Net assets—end of year	<u>\$ 7,718,166</u>	<u>\$ 175,000</u>	<u>\$ 7,893,166</u>

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Combined Statement of Activities
Year Ended August 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT:			
Contributions and bequests	\$ 6,607,773	\$ -	\$ 6,607,773
Program charges and fees	6,058	-	6,058
Investment income	136,102	-	136,102
Realized/unrealized gain on investments	159,510	-	159,510
Rental income	17,664	-	17,664
Other income	11,567	-	11,567
Total revenues, gains, and other support	<u>6,938,674</u>	<u>-</u>	<u>6,938,674</u>
EXPENSES AND LOSSES:			
Program expenses:			
Missionary and related expenses	4,968,377	-	4,968,377
Niagara Bible Conference	73,176	-	73,176
General administrative	1,238,710	-	1,238,710
Fundraising	83,623	-	83,623
Impairment loss	1,593,592	-	1,593,592
Total expenses and losses	<u>7,957,478</u>	<u>-</u>	<u>7,957,478</u>
Change in net assets	(1,018,804)	-	(1,018,804)
Net assets—beginning of year	<u>8,276,178</u>	<u>175,000</u>	<u>8,451,178</u>
Net assets—end of year	<u>\$ 7,257,374</u>	<u>\$ 175,000</u>	<u>\$ 7,432,374</u>

The accompanying notes are an integral part of this financial statement.

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Combined Statement of Cash Flows
Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 460,792	\$ (1,018,804)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,063	67,259
Impairment loss	-	1,593,592
Net realized and unrealized gain on investments	(107,452)	(155,793)
(Increase) decrease in accounts receivable	(2,779)	6,806
Increase (decrease) in accounts payable and accrued expenses	<u>27,583</u>	<u>(17,018)</u>
Net cash provided by operating activities	<u>424,207</u>	<u>476,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of marketable securities	-	2,927
Purchase of investments	(409,035)	(65,621)
Collection of notes receivables	-	3,801
Collection of mortgage receivables	975,000	-
Loss on sale of capital assets	14,375	-
Purchase of land, buildings, and equipment	(160,613)	(7,334)
Sale of land, buildings, and equipment	<u>-</u>	<u>395,354</u>
Net cash provided by investing activities	<u>419,727</u>	<u>329,127</u>
Effect of exchange rates on cash	<u>(15,350)</u>	<u>(28,095)</u>
Net increase in cash and cash equivalents	828,584	777,074
Cash and cash equivalents—beginning of year	<u>1,682,501</u>	<u>905,427</u>
Cash and cash equivalents—end of year	<u>\$ 2,511,085</u>	<u>\$ 1,682,501</u>

The accompanying notes are an integral part of these financial statements.

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Notes to the Combined Financial Statements
Years Ended August 31, 2019 and 2018

1. DESCRIPTION OF ORGANIZATION

Global Outreach Mission, Inc. is an inter-denominational foreign ministry organization. Global Outreach missionaries are engaged in a wide variety of ministries, including church planting, Christian camps, personal work, literature, community development, and medical work.

Global Outreach Mission, Inc. maintains a working relationship with Incorporated Charitable Trusts in the following countries: India, France, Ireland, England and Germany. The President and the Chairman of the Board of Global Outreach Mission, Inc. serve on the Board of the Ireland Trust and the German Incorporation. The President also serves on the England Board. In addition to the above individuals, there are also Global Outreach Mission, Inc. missionaries in the respective countries who serve on the Boards of each of these organizations. This facilitates the flow of information and coordination of missionary activity between the International Board of Global Outreach Mission, Inc. and the respective countries. Each of the Boards has the legal right to hold title to property and mission facilities in the respective countries. Thus, periodically the International Board authorizes the donation (i.e. transfer) of project funding from the U.S. and Canada to missionary projects in these countries as part of its worldwide missionary program activity.

On September 20, 2012 the State of New York granted a merger between American Mission for Opening Churches (“AMOC”), a New York not-for-profit corporation with offices at 6419 East Lake Road, Olcott, New York, and Global Outreach – United States (“US”) pursuant to Sections 904 and 906 of the Not-for-Profit Corporation Law of the State of New York. At this date, the separate existence of AMOC ceased and was merged into Global Outreach. AMOC was a faith mission organization dedicated to the task of establishing and strengthening local churches across America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—Global Outreach Mission, Inc. prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

Global Outreach Mission, Inc. prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (“GAAP”) for not-for-profit organizations, except that support is recorded as received. Pledges of offerings and contributions, if any, are not recorded in advance of receipts. Management believes that no material differences result in the recording of receipts between the two methods. The significant accounting and reporting policies used by the organization are described below to enhance the usefulness and understandability of the financial statements.

Use of Estimates—The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets—The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as described below.

Net Assets Without Donor Restrictions—Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the option to designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment, but no such election was made at August 31, 2019.

One of the unique provisions for a Missionary Organization is the designated or preferred support for a specific missionary ministry. This support is expended under the control of Global Outreach Mission Inc. in keeping with its established policies. Such policies indicate that the support is to be used for salary, ministry expenses, home or field administrative expenses, retirement and insurance benefits, etc. Direction in its allocation and usage is under the control of Global Outreach Mission, Inc. and not the donor or the missionary.

Global Outreach Mission, Inc. contends that its donors have expressed a preference that the contribution is to be used for the support of ministries of missionaries and is, therefore, not within the definition of net assets with donor restrictions. This is in keeping with the generally accepted practice for Missionary Organizations that the funds given to it are not restricted and that control of the funds is retained by the governing board of the Missionary Organization.

The total unexpended amount of such preferred funds represents a moral, not a legal, commitment of Global Outreach Mission, Inc. to the donor, which is disclosed in the net asset section of the financial statements.

Net Assets With Donor Restrictions—Net assets subject to donor-imposed (or certain grantor-imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents—Cash and cash equivalents represent demand and savings deposits with banks and certificates of deposits held by banks having original maturities of three months or less.

Accounts Receivable—Primarily represents unsecured non-interest-bearing amounts due from other organizations on cost reimbursement basis. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Mortgage Receivable—Consists of amounts owed to Global Outreach Mission, Inc. related to the sale of certain property. Management believes that the outstanding mortgage receivable is collectible in full, therefore no allowance for uncollectible receivables has been provided.

Land, Buildings, and Equipment—Land, buildings, improvements, equipment and vehicles are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation of buildings and equipment is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	3 - 40 years
Equipment and vehicles	3 - 5 years

Assets purchased by Global Outreach Mission, Inc., on behalf of a missionary and deemed missionary property to be left in the field after the missionary leaves the mission, are not capitalized.

Land, buildings, improvements, equipment and vehicles are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. As described in Note 7, Global Outreach Mission, Inc. recognized an impairment loss in the financial statements in the prior period.

Accounting for Contributions and Bequests—Contributions, including unconditional promises to give, are recognized when support is received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions, consistent with the nature of the restriction.

Missionary and Related Expenses—Represents expenses necessary to carry out a variety of missionary activities as described in Note 1.

Translation of Foreign Currency—Global Outreach Mission, Inc.'s procedure is to translate financial statements denominated in other currencies into United States dollar equivalents. The accounts of the Canadian Corporation have been translated into U.S. dollars at the following rates of exchange: assets and liabilities at current exchange rates and revenue and expense accounts at weighted averages of exchange rates in effect during the year. Additional information regarding currency translation can be found in Note 11.

Tax Status—Global Outreach Mission, Inc. is a non-profit religious organization, and is exempt from payment of state/provincial and federal taxes. The Internal Revenue Service ("IRS") has determined that Global Outreach Mission – US is tax-exempt under section 501(c)(3) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). All applicable tax forms for Global Outreach – US have been filed and recognized by the Internal Revenue Service through the year ended August 31, 2018. The tax years ending August 31, 2018, 2017, and 2016 are still open to audit for federal purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC.

Global Outreach – Canada is a non-profit religious organization, and is exempt from payment of provincial and federal taxes. All applicable tax forms for Global Outreach – Canada have been filed and recognized by the Canada Revenue Agency through the fiscal year ended August 31, 2018.

Change in Accounting Principle—During the year ended August 31, 2019, Global Outreach implemented Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations for restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Implementation of ASU 2016-14 did not require a restatement of any opening balances related to the period presented. Global Outreach’s net assets previously reported as unrestricted are now reported as net assets without donor restrictions. Global Outreach’s net assets previously reported as temporarily restricted and permanently restricted are now reported as net assets with donor restrictions.

3. LIQUIDITY AND AVAILABILITY

For the years ended August 31, 2019 and 2018, Global Outreach reported cash and cash equivalents of \$2,511,085 and \$1,682,501, accounts receivable of \$6,344 and \$3,565, and mortgage receivable of \$50,000 and \$975,000, respectively, as financial assets available for general expense, that are, without donor or other restrictions limiting their use, within one year of the balance sheet date.

Global Outreach Mission has a trust agreement totaling \$175,000. The trust agreement allows Global Outreach Mission, Inc. to use income from this trust to fund operating expenses.

4. FAIR VALUE OF INVESTMENTS

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;

- Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the organization's financial statements are the initial measurement of noncash gifts, including gifts of financial assets and recurring measurement of investments.

5. INVESTMENTS

All Global Outreach Mission, Inc. investments are considered level 1 under the fair value hierarchy for assets measured at fair value at August 31, 2019 and 2018. The cost and fair value of all investments at August 31, 2019 and August 31, 2018 are as follows:

2019		2018	
Fair Value	Cost	Fair Value	Cost
<u>\$3,943,510</u>	<u>\$3,695,366</u>	<u>\$3,487,305</u>	<u>\$3,281,514</u>

Investments at fair value are comprised of the following:

	August 31,	
	2019	2018
Corporate stocks	\$ 1,664,057	\$ 1,589,726
Money market and similar	53,894	7,633
Corporate notes	2,038,824	1,706,506
Mutual funds and trusts	<u>186,735</u>	<u>183,440</u>
Total	<u>\$ 3,943,510</u>	<u>\$ 3,487,305</u>

A net unrealized/realized gain of \$108,001 and \$159,510 were recognized for the years ended August 31, 2019 and 2018, respectively.

In November 1995, a charitable remainder unitrust in the amount of \$100,000 was established in Global Outreach Mission, Inc.'s name. Additional contributions to the unitrust since that time have amounted to \$75,000. The funds of this trust are invested in equity securities and money market funds. The terms of the original trust agreement required income to be paid to the grantors. This total amount, \$175,000, is reported within net assets with donor restrictions at August 31, 2019 and 2018.

However, the trust agreement was subsequently amended to allow Global Outreach Mission, Inc. to use income from this trust to fund operating expenses; interest earned is reported as unrestricted investment income.

6. MORTGAGE RECEIVABLE

The August 31, 2019 balance represents the balance of amount due from the sale of the 22nd Street property in Niagara Falls. The mortgage totaling \$50,000 was made on August 29, 2019 between Potters House Christian Fellowship and Global Outreach Mission, Inc., with payments to begin on October 1, 2019.

The August 31, 2018 balance represents the balance of amount due from the sale of the Niagara Bible Conference property. The mortgage totaling \$975,000 was made on February 27, 2018 between Niagara Shores Campground and Conference Center, LLC and Global Outreach Mission, Inc., with interest at an annual rate of 4%. The interest was to be paid on April 1, 2018 ensuing and monthly thereafter for the term of the mortgage. The balance of \$975,000 was paid in full on September 14, 2018.

7. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following as of August 31:

	2019	2018
Land	\$ 62,537	\$ 63,234
Buildings and improvements	1,138,848	1,078,355
Computer equipment	67,972	114,164
Equipment and vehicles	<u>264,637</u>	<u>213,971</u>
Total	1,533,994	1,469,724
Less accumulated depreciation	<u>(670,014)</u>	<u>(646,060)</u>
Land, buildings and equipment, net	<u>\$ 863,980</u>	<u>\$ 823,664</u>

Depreciation expense was \$46,063 and \$67,259 in 2019 and 2018, respectively.

During the year ended August 31, 2019, Global Outreach Mission, Inc. sold the property located at 22nd Street in Niagara Falls for \$50,000, which was financed through a mortgage receivable of \$50,000 and is described within Note 6. The original cost, \$75,000, and associated depreciation, has been removed from Global Outreach's financial statements as of August 31, 2019. The loss from the sale of \$14,375 has been presented within the Statement of Activities.

During the year ended August 31, 2018, Global Outreach Mission, Inc. determined that the Niagara Bible Conference property, including the land, buildings, and related equipment with a net book value of \$2,963,947, would be put for sale. Prior to the sale of the property, management determined that the fair market value of the Niagara Bible Conference property was \$1,430,000, less estimated selling costs of \$59,585. As a result of this, Global Outreach Mission, Inc. recognized an impairment loss of \$1,593,532, which has been presented within the Statement of Activities. On February 9, 2018, Global Outreach Mission, Inc. sold the Niagara Bible Conference property to Niagara Shores Campground and Conference Center, LLC for \$1,430,000, a portion of which was financed through a mortgage receivable of \$975,000 and is described within Note 6.

8. FUNCTIONAL CLASSIFICATIONS OF EXPENSES

The operating costs, classified by function, of providing the various programs and other activities of Global Outreach for the years ended August 31, 2019 and 2018 are as follows:

	Year Ended August 31, 2019			
	Program Services	General Administrative	Fundraising	Total
Salaries and benefits	2,726,818	\$ 889,053	\$ -	\$ 3,615,871
Office expenses	-	52,545	-	52,545
Postage	-	21,531	21,531	43,062
Printing	-	29,990	29,992	59,982
Promotion and convention	-	27,388	27,389	54,777
Travel and auto	139,480	33,441	32,365	205,286
Telephone	-	22,837	-	22,837
Bank and finance charges	-	5,246	-	5,246
Insurance	-	7,548	-	7,548
Professional fees	-	82,048	-	82,048
Utilities	-	14,274	-	14,274
Real estate taxes	-	12,554	-	12,554
Depreciation	-	46,063	-	46,063
Building maintenance	-	12,638	-	12,638
Software maintenance	-	90,695	-	90,695
Investment fees	-	38,702	-	38,702
Missionary programs	2,165,007	-	-	2,165,007
Total	<u>\$ 5,031,305</u>	<u>\$ 1,386,553</u>	<u>\$ 111,277</u>	<u>\$ 6,529,135</u>

	Year Ended August 31, 2018			
	Program Services	General Administrative	Fundraising	Total
Salaries and benefits	2,581,821	\$ 827,210	\$ -	\$ 3,409,031
Office expenses	1,646	41,300	-	42,946
Postage	-	20,362	20,364	40,726
Printing	-	22,519	22,519	45,038
Promotion and convention	-	16,522	16,524	33,046
Travel and auto	197,844	25,185	24,216	247,245
Telephone	-	24,304	-	24,304
Bank and finance charges	-	1,079	-	1,079
Insurance	11,020	10,028	-	21,048
Professional fees	-	47,547	-	47,547
Utilities	20,686	12,609	-	33,295
Real estate taxes	-	12,088	-	12,088
Depreciation	31,710	35,549	-	67,259
Building maintenance	8,114	13,819	-	21,933
Software maintenance	-	87,389	-	87,389
Investment fees	-	41,200	-	41,200
Missionary programs	2,188,712	-	-	2,188,712
Total	<u>\$ 5,041,553</u>	<u>\$ 1,238,710</u>	<u>\$ 83,623</u>	<u>\$ 6,363,886</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	August 31,	
	2019	2018
Charitable remainder trusts, which are unavailable for spending awaiting future event	<u>\$ 175,000</u>	<u>\$ 175,000</u>

Additional information regarding net assets with donor restrictions can be found in Notes 3 and 5.

10. CONCENTRATIONS OF RISK

Amounts held in financial institutions occasionally are in excess of the Global Outreach US Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits and Global Outreach - Canada Deposit Insurance Corporation and Canadian Investor Protection Fund limits. The organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

The organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets and their investment strategy should mitigate the impact of such changes.

11. FOREIGN CURRENCY TRANSLATION

The foreign currency translation adjustment is presented as a separate component of net assets on the Statements of Financial Position. The table below summarizes the changes in the cumulative translation adjustment for the years ended August 31, 2019 and 2018.

	Cumulative Translation Adjustments	
	Net Assets Without Donor Restrictions	Total Net Assets
Balance at August 31, 2017	\$ (294,416)	\$ (294,416)
Change during 2018	(190,456)	(190,456)
Balance at August 31, 2018	\$ (484,872)	\$ (484,872)
Change during 2019	(85,491)	(85,491)
Balance at August 31, 2019	<u>\$ (570,363)</u>	<u>\$ (570,363)</u>

12. RELATED PARTY TRANSACTIONS

Global Outreach Mission, Inc., incorporated without share capital under the laws of the Province of Ontario, (“Global Outreach – Canada”) is a related entity to Global Outreach Mission, Inc., incorporated in New York (“Global Outreach – US”). Global Outreach – US and Global Outreach – Canada share a common Board of Directors and have similar missionary purposes.

Global Outreach – US provides certain administrative services to Global Outreach – Canada. At August 31, 2019, Global Outreach – US was owed \$3,912 for computer expenses, utilities and administrative expenses from Global Outreach – Canada. At August 31, 2018, Global Outreach – US was owed \$22,876 for computer expenses, utilities and administrative expenses from Global Outreach – Canada.

Global Outreach – Canada reimbursed Global Outreach – US \$279,155 and \$237,636 for administrative costs, for the years ended August 31, 2019 and 2018, respectively. At August 31, 2019, Global Outreach – US is owed this amount from Global Outreach – Canada. The percentage of reimbursement is 10% for the years ended August 31, 2019 and 2018 of Global Outreach – Canada’s revenue, based on an agreement between the two parties on November 7, 2013.

Global Outreach – US and Global Outreach – Canada assess a 15% fee on certain missionary contributions received to cover administrative costs incurred for the missionaries. Global Outreach – US assesses a fee of 5% on missionary contributions received to benefit those missionaries inherited under the merger with the American Mission for Opening Churches. Such fees totaled approximately \$809,966 and \$772,138 for the years ended August 31, 2018 and 2019, respectively.

The related party transactions mentioned above have been eliminated for combining financial statement purposes.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 24, 2019, which is the date the financial statements are available for issuance, and has determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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