

Financial Statements

**G.O. Ministries, Inc.**

December 31, 2015 and 2014

**G.O. MINISTRIES, INC.**

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# Harbsmeier & Company, PSC

Certified Public Accountants & Consultants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
G.O. Ministries, Inc.  
Louisville, Kentucky

We have audited the accompanying financial statements of G.O. Ministries, Inc. (a nonprofit organization), which comprise the statements of financial positions as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the 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 the 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 of 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 G.O. Ministries, Inc. as of December 31, 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.

Louisville, Kentucky  
October 21, 2016

*Harbsmeier & Company, PSC*

**G.O. MINISTRIES, INC.**

**STATEMENTS OF FINANCIAL POSITION**

	December 31	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,216,635	\$ 990,515
Investments	21,619	5,227
Accounts receivable	89,218	-
Prepaid expenses and other	<u>4,312</u>	<u>6,388</u>
<b>Total current assets</b>	1,331,784	1,002,130
<b>Furniture and computer equipment, net</b>	1,806,920	1,843,642
<b>Other Assets</b>		
Other investments	125,560	103,258
Note receivable	<u>52,760</u>	<u>52,760</u>
	<u>178,320</u>	<u>156,018</u>
<b>Total Assets</b>	<u>\$ 3,317,024</u>	<u>\$ 3,001,790</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 874	\$ 13,476
Accrued payroll and related taxes	-	-
Note payable, current portion	<u>-</u>	<u>1,983</u>
<b>Total Current Liabilities</b>	874	15,459
<b>Security Deposits</b>	7,600	7,600
<b>Note Payable, less current portion</b>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	8,474	23,059
<b>Unrestricted Net Assets</b>	<u>3,308,550</u>	<u>2,978,731</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,317,024</u>	<u>\$ 3,001,790</u>

See notes to financial statements

**G.O. MINISTRIES, INC.**

**STATEMENTS OF ACTIVITIES**

	Years Ended December 31	
	<u>2015</u>	<u>2014</u>
<b>Revenues and Support</b>		
Trip fees	\$ 1,765,990	\$ 1,871,057
Partnerships	1,449,866	1,333,627
Ministry	786,105	605,663
Special projects	464,806	545,528
Fundraising events	255,708	202,337
Rental income and other	52,659	55,530
Benevolence	<u>87,362</u>	<u>94,031</u>
Total revenue and support	4,862,496	4,707,773
Administrative and general		
Program services	3,949,163	3,724,823
General and administrative	333,068	260,241
Fundraising	<u>250,446</u>	<u>257,322</u>
Total administrative and general	<u>4,532,677</u>	<u>4,242,386</u>
Change in Net Assets	329,819	465,387
Unrestricted Net Assets, beginning of year	<u>2,978,731</u>	<u>2,513,344</u>
Unrestricted Net Assets, end of year	<u>\$ 3,308,550</u>	<u>\$ 2,978,731</u>

See notes to financial statements

**G.O. MINISTRIES, INC.****STATEMENTS OF CASH FLOWS**

	Year Ended 2015	December 31 2014
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 329,819	\$ 465,387
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	36,722	40,026
Changes in assets and liabilities:		
Contributions receivable	(89,218)	-
Prepaid expenses	2,076	12,868
Accounts payable	(12,602)	(11,842)
Accrued payroll and related taxes	<u>-</u>	<u>(11,177)</u>
<b>Total Adjustments</b>	<u>(63,022)</u>	<u>29,875</u>
<b>Net cash provided by operating activities</b>	266,797	495,262
 <b>Cash Flows From Investing Activities</b>		
Purchase of marketable securities	(16,392)	(48,068)
Investment in (payment from) closely-held business	(22,302)	-
Change in note receivable	<u>-</u>	<u>5,570</u>
<b>Net cash used by investing activities</b>	(38,694)	(42,498)
 <b>Cash Flows From Financing Activities</b>		
Payments on long-term debt	<u>(1,983)</u>	<u>(5,779)</u>
<b>Increase (Decrease) in Cash</b>	226,120	446,985
<b>Cash, beginning of year</b>	<u>990,515</u>	<u>543,530</u>
<b>Cash, end of year</b>	<u>\$ 1,216,635</u>	<u>\$ 990,515</u>

See notes to financial statements

**G.O. MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE A—NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of G.O. Ministries, Inc. (the "Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States and have been consistently applied in the preparation of the financial statements.

Nature of Operations: The Organization is a non-profit, tax-exempt organization dedicated to the ministry of short-term missions and the development of partnerships of ministry primarily in Dominican Republic and Haiti. The Organization's goal is to recruit, equip and coordinate people for short-term mission trips that will mutually challenge each participant and support the inspiring efforts of the Christian leaders abroad.

The summary of significant accounting policies followed by the Organization follows:

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and payables.

Basis of Presentation: Financial Statement presentation follows the requirements of the ASC 958-205. Under ASC 958-205, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions Receivable: Contributions receivable consists entirely of unrestricted unconditional promises to give beyond the date of the statement of financial position. The Organization only records a donation if the donor explicitly specifies a period of time the donation will be received. All other donations are recorded upon receipt. All balances as of December 31, 2015 and 2014, respectively, are due in less than one year. There was no allowance for doubtful accounts as of December 31, 2015 and 2014.

Cash and Cash Equivalents: For the purpose of the statements of cash flows, the Organization considers all highly liquid investment instruments with a maturity of three months or less to be cash equivalents.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Property and Equipment: Furniture and computer equipment are capitalized at cost at the date of acquisition, or fair value at the date of the gift or bequest. Depreciation is provided on the straight-line method over the estimated useful lives as follows:

Office furniture and fixtures	3 - 7 years
Computer equipment and software	3 - 5 years

Depreciation expense amounted to \$36,722 and \$40,026 for the years ended December 31, 2015 and 2014, respectively.

**G.O. MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE A—NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
CONTINUED**

Unrestricted Net Assets: Contributions received by the Organization are earmarked for certain purposes but not restricted as to their use by the donors. All net assets and contributions are shown as unrestricted in the financial statements.

Fair Value of Financial Instruments: The carrying value for current assets and liabilities approximate their fair values due to their short maturity.

Impairment of Long-Lived Assets: The Organization reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount.

Program Services: Program services relate primarily to the support of "ministry hubs" in the Dominican Republic, Haiti, Columbia and Mongolia. Key expenses include:

- Salaries for ministry, construction and administrative personnel based in those countries.
- Expenses associated with the construction and operation of churches, feeding centers, and schools.
- Support of mission trips from the United States.

The appropriateness of these expenditures is at the wide discretion of the Organization's ministry personnel and management.

Property and equipment purchased or constructed by the Organization in foreign countries is expensed as a program service expense as incurred. Such property is not recorded as an asset of the Organization because of the difficulty in obtaining and/or maintaining legal title of the property.

Income Taxes: The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and Section 141.010(1)(f) of the Kentucky Revised Statutes. The Organization's open audit periods are 2010 through 2015.

Concentration of Credit Risk: The Company maintains cash balances at two local banks. The cash accounts were insured by FDIC up to \$250,000. The amount in excess of insured limits was approximately \$975,000 and \$915,000 for the years ended December 31, 2015 and 2014, respectively.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 21, 2016, the date the financial statements were available to be issued.



**G.O. MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE B--PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Land - Dominican Republic	\$ 1,094,200	\$ 1,094,200
Office building and improvements	959,845	959,845
Vehicles	54,293	54,293
Office equipment	<u>30,108</u>	<u>30,108</u>
	2,138,446	2,138,446
Less accumulated depreciation	<u>(331,526)</u>	<u>(294,804)</u>
Net Property and Equipment	<u>\$ 1,806,920</u>	<u>\$ 1,843,642</u>

**NOTE C--INVESTMENTS**

The Organization originally invested approximately \$12,000 in TJS Golf, Inc., which is for a sponsorship of an individual who is a professional golfer on the PGA tour. The Organization receives a percentage of the winnings earned from the golfer's professional tour events. In accordance with ASC 325-20, the Organization recorded the investment using the cost method. At the beginning of 2015, the investment was liquidated.

The Organization has invested or loaned \$52,760 to several for-profit entities that will pay royalties to the Organization. In accordance with ASC 325-20, the investments are recorded using the cost method.

**NOTE D--OPERATING LEASE**

The Organization leases office space to tenants under non-cancelable operating leases with terms of one to two years. The following is a schedule by year of the approximate future minimum rental income under the leases at December 31, 2015.

<u>Year Ended December 31</u>	<u>Amount</u>
2017	\$ 37,440
2018	<u>21,840</u>
	<u>\$ 59,280</u>

**G.O. MINISTRIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2015 and 2014

**NOTE E--FINANCING ARRANGEMENTS**

The Company has a \$700,000 revolving line-of-credit agreement with a local bank that is renewable on January 17, 2017. The line of credit is secured by a mortgage on the property located at 11501 Plantside Drive in Louisville, KY. The note carries a floating interest rate at the bank's prime rate less .25% with a floor of 3.75% (effective rate was 3.75% at December 31, 2015). The Company had no borrowings on the line of credit at December 31, 2015 or 2014.

Long-term debt consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Note payable to bank, due in monthly installments of \$500 including interest, interest accrues at 4.3%. The note is collateralized by a vehicle.	<u>-</u>	<u>1,983</u>
	-	1,983
Less current portion	<u>-</u>	<u>1,983</u>
Long-term debt	<u>\$ -</u>	<u>\$ -</u>

**NOTE F--RETIREMENT PLAN**

Employees of the Organization who meet certain requirements are eligible to participate in a defined contribution retirement plan. The Organization does not match employee contributions.

The Organization has a Non-Qualified Deferred Compensation plan (or Supplemental Executive retirement Plan for which the executive director is the beneficiary. With the plan's arrangement, the executive will not pay taxes on the benefits until they are paid out at retirement. The plan is subject to the requirements of Internal Revenue Code section 409A, whereas the plan has a fixed, pre-determined payment schedule upon the executive's retirement. The Organization funds the plan annually. The plan balance at December 31, 2015 and 2014 was \$123,560 and \$90,518, respectively.

**NOTE G--RELATED PARTY TRANSACTION**

The Organization utilizes printing services from an entity owned by a member of it's Board of Trustees. The total paid for these services during 2016 were approximately \$73,000.