

# Global Volunteers

## Financial Statements Together with Independent Auditors' Report

September 30, 2019

# GLOBAL VOLUNTEERS

## CONTENTS

---

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4-5
Statement of Cash Flows	6
Notes to Financial Statements	7-11

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Global Volunteers  
Little Canada, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of Global Volunteers (a nonprofit organization), which comprise the statement of financial position as of September 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 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 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 Volunteers as of September 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.

*Olsen Thielen + Co., LTD.*

Roseville, Minnesota  
April 29, 2020

## GLOBAL VOLUNTEERS

### STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2019 AND 2018

ASSETS		
	2019	2018
<b>CURRENT ASSETS:</b>		
Cash	\$ 425,652	\$ 274,937
Accounts Receivable	27,647	10,799
Prepaid Expenses	62,371	60,212
Inventory	20,619	17,956
Total Current Assets	536,289	363,904
<b>PROPERTY AND EQUIPMENT:</b>		
Construction in Process	-	104,116
Vehicles	31,754	31,754
Office Equipment	122,792	114,443
Buildings	629,987	468,746
Leasehold Improvements	115,774	110,810
Total	900,307	829,869
Less Accumulated Depreciation	249,609	199,561
Net Property and Equipment	650,698	630,308
Total Assets	\$ 1,186,987	\$ 994,212
LIABILITIES AND NET ASSETS		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 97,162	\$ 41,310
Accrued Expenses	33,607	30,379
Total Current Liabilities	130,769	71,689
<b>NET ASSETS:</b>		
Net Assets without Donor Restrictions	861,244	617,970
Net Assets with Donor Restrictions	194,974	304,553
Total Net Assets	1,056,218	922,523
Total Liabilities and Net Assets	\$ 1,186,987	\$ 994,212

*The accompanying notes are an integral part of the financial statements.*

## GLOBAL VOLUNTEERS

### STATEMENT OF ACTIVITIES YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restricted	Total
<b>SUPPORT AND REVENUES:</b>						
Volunteer Contributions	<b>\$ 1,947,197</b>	<b>\$ 56,821</b>	<b>\$ 2,004,018</b>	\$ 1,932,039	\$ 63,741	\$ 1,995,780
Dedicated Contributions	–	<b>353,352</b>	<b>353,352</b>	–	957,762	957,762
Other Contributions and Revenues	<b>451,748</b>	–	<b>451,748</b>	322,674	–	322,674
In-Kind Contributions	<b>9,595</b>	<b>658</b>	<b>10,253</b>	5,586	42,400	47,986
Net Assets Released from Restrictions	<b>520,410</b>	<b>(520,410)</b>	–	918,970	<b>(918,970)</b>	–
Total Support and Revenues	<b><u>2,928,950</u></b>	<b><u>(109,579)</u></b>	<b><u>2,819,371</u></b>	<b><u>3,179,269</u></b>	<b><u>144,933</u></b>	<b><u>3,324,202</u></b>
<b>EXPENSES:</b>						
Program Services	<b>2,299,757</b>	–	<b>2,299,757</b>	2,304,699	–	2,304,699
Management and General	<b>211,527</b>	–	<b>211,527</b>	210,432	–	210,432
Fundraising	<b>174,392</b>	–	<b>174,392</b>	164,650	–	164,650
Total Expenses	<b><u>2,685,676</u></b>	<b><u>–</u></b>	<b><u>2,685,676</u></b>	<b><u>2,679,781</u></b>	<b><u>–</u></b>	<b><u>2,679,781</u></b>
CHANGE IN NET ASSETS	<b>243,274</b>	<b>(109,579)</b>	<b>133,695</b>	499,488	144,933	644,421
NET ASSETS at Beginning of Year	<b><u>617,970</u></b>	<b><u>304,553</u></b>	<b><u>922,523</u></b>	<b><u>118,482</u></b>	<b><u>159,620</u></b>	<b><u>278,102</u></b>
NET ASSETS at End of Year	<b><u>\$ 861,244</u></b>	<b><u>\$ 194,974</u></b>	<b><u>\$ 1,056,218</u></b>	<b><u>\$ 617,970</u></b>	<b><u>\$ 304,553</u></b>	<b><u>\$ 922,523</u></b>

*The accompanying notes are an integral part of the financial statements.*

## GLOBAL VOLUNTEERS

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2019

	2019			
	Program Services	General and Administrative	Fundraising	Total
Employee Compensation	\$ 930,004	\$ 145,388	\$ 111,837	\$ 1,187,229
Payroll Taxes	<u>62,087</u>	<u>7,814</u>	<u>7,104</u>	<u>77,005</u>
Total Personnel Costs	992,091	153,202	118,941	1,264,234
Volunteer Program Services	677,830	-	-	677,830
Contributions	314,234	-	-	314,234
Office Expense	36,655	10,402	2,477	49,534
Marketing	65,254	-	659	65,913
Rent	44,160	8,280	2,760	55,200
Bank and Credit Card Fees	17,128	1,575	984	19,687
Insurance	48,903	12,226	3,217	64,346
Professional Fees	14,190	15,480	2,580	32,250
Information Technology	43,303	5,094	2,547	50,944
Depreciation	40,037	5,005	5,005	50,047
Business Development	5,972	263	328	6,563
Fundraising	<u>-</u>	<u>-</u>	<u>34,894</u>	<u>34,894</u>
 Total	 <u>\$ 2,299,757</u>	 <u>\$ 211,527</u>	 <u>\$ 174,392</u>	 <u>\$ 2,685,676</u>

*The accompanying notes are an integral part of the financial statements.*

## GLOBAL VOLUNTEERS

### STATEMENT OF FUNCTIONAL EXPENSES (Continued) YEAR ENDED SEPTEMBER 30, 2018

	2018			
	Program Services	General and Administrative	Fundraising	Total
Employee Compensation	\$ 861,141	\$ 145,388	\$ 111,837	\$ 1,118,366
Payroll Taxes	56,122	7,814	7,104	71,040
Total Personnel Costs	917,263	153,202	118,941	1,189,406
Volunteer Program Services	655,884	—	—	655,884
Contributions	424,672	—	—	424,672
Office Expense	40,962	11,624	2,768	55,354
Marketing	38,759	—	392	39,151
Rent	44,160	8,280	2,760	55,200
Bank and Credit Card Fees	25,621	2,356	1,472	29,449
Insurance	47,730	11,933	3,140	62,803
Professional Fees	12,477	13,611	2,269	28,357
Information Technology	33,854	3,983	1,991	39,828
Depreciation	32,286	4,036	4,036	40,358
Business Development	30,581	1,344	1,680	33,605
Fundraising	—	—	25,144	25,144
Miscellaneous	450	63	57	570
	—	—	—	—
Total	\$ 2,304,699	\$ 210,432	\$ 164,650	\$ 2,679,781

*The accompanying notes are an integral part of the financial statements.*

## GLOBAL VOLUNTEERS

### STATEMENT OF CASH FLOWS YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 133,695	\$ 644,421
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:		
Depreciation	50,047	40,358
Change in Current Assets and Liabilities:		
Accounts Receivable	(16,848)	1,572
Prepaid Expenses	(2,159)	3,684
Inventory	(2,663)	(5,699)
Accounts Payable	55,852	(21,904)
Accrued Expenses	3,228	936
Net Cash Flows From Operating Activities	221,152	663,368
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(70,437)	(382,386)
Net Cash Flows From Investing Activities	(70,437)	(382,386)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on Note Payable	-	(21,311)
Net Cash Flows From Financing Activities	-	(21,311)
NET CHANGE IN CASH	150,715	259,671
CASH at Beginning of Year	274,937	15,266
CASH at End of Year	\$ 425,652	\$ 274,937
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash Paid for Interest	\$ -	\$ 6

*The accompanying notes are an integral part of the financial statements.*



# GLOBAL VOLUNTEERS

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Based in St. Paul, Minnesota, and with offices throughout the world, Global Volunteers (the Organization) is a private nonprofit, nonsectarian international human and economic development organization in consultative status with the United Nations Economic and Social Council. Founded in 1984, Global Volunteers is dedicated to helping build a foundation for world peace through mutual international understanding, while creating, nurturing, and sustaining the wellbeing of the world's children and their community, that they might realize the full promise of their human potential.

At the invitation of community leaders and under their direction, Global Volunteers engages short-term volunteers in service to children, their families and communities. Global Volunteers Reaching Children's Potential (RCP) program is a comprehensive child focused, parent driven model that emphasizes eliminating hunger, improving health, and enhancing cognition. RCP helps families and community organizations deliver the services necessary for every child to realize their full potential and to demonstrate how to break the cycle of poverty by eliminating stunting.

Each year, Global Volunteers mobilizes teams of short-term volunteers to help local communities. Since 1984, more than 36,000 volunteers have served in 35 countries on 6 continents. From all backgrounds and ages, volunteers become "servant-learners" working with and learning from and about people worldwide.

#### Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, net assets are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Asset without Donor Restrictions - Net assets without donor restrictions are resources available to support operations which the Board of Directors has discretionary control.

Net Assets with Donor Restrictions - Net assets with donor restrictions reflects resources received with donor stipulations that limit the use of the donated assets. Net assets with donor restrictions consist of funds received for future service programs, less direct and indirect expenses and certain contributions dedicated to specific projects. The assets are released from restriction once the service program commences or the funds are expended.

#### Accounting Estimates

The presentation 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. Actual results could differ from those estimates.

**GLOBAL VOLUNTEERS**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated for recognition or disclosure the events or transactions that occurred through April 29, 2020, the date the financial statements were available to be issued. Except as discussed in Note 6, there were no subsequent events that required recognition or disclosure in the financial statements.

**Receivables**

Receivables are reported at the amount the Organization expects to collect on balances outstanding at year-end. The Organization monitors outstanding balances and periodically writes off balances that are determined to be uncollectible. The Organization has concluded that losses on balances outstanding at year-end will be immaterial.

**Inventory**

Inventory consists primarily of clothing, brochures, and catalogs. Inventory is valued at cost, determined on a first-in, first-out basis.

**Property and Depreciation**

Office equipment is recorded at original cost. Donated property is recorded at fair market value. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities. The Organization capitalizes assets with a cost of \$1,000 or greater.

Depreciation is computed using the straight-line method based on estimated useful lives of three to thirty-three years.

**Contributions**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional contributions are reported at fair value at the date the promise is received. The contributions are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified as net assets without donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as revenue of net assets without donor restriction. In the absence of donor specification that interest and dividend income and gains on donated funds are restricted, such income and gains are reported as revenue of net assets without donor restriction.

**In-Kind Contributions**

In-kind contributions consist of donated architectural services and legal services. Donated services are recognized for services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would ordinarily be purchased if not provided by donation. Donated services are recorded at fair market value and were \$10,253 and \$47,986 for 2019 and 2018.

# GLOBAL VOLUNTEERS

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Functional Allocation of Expense

The costs of providing various programs and services are summarized on a functional basis on the statement of activities. Accordingly, certain costs were allocated among the programs or services benefited based on best estimates by management.

#### Income Taxes

The Organization is exempt from Federal and State income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

The Organization reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception are subject to review by the IRS.

#### Advertising

Advertising costs are expensed as incurred. Total advertising expenses were \$65,913 and \$39,151 for 2019 and 2018.

#### Retirement Plan

The Organization maintains a 403(b) plan which covers eligible employees. The Organization does not contribute to the plan.

#### Change in Accounting Principle

In 2019, the Organization implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, applying the changes retrospectively. The new standard changes the following aspects of the financial statements:

- 1) The temporarily restricted net asset class has been renamed net assets with donor restrictions. The unrestricted net asset class has been renamed net assets without donor restrictions.
- 2) The financial statements include a statement of functional expenses, which presents expenses by both their natural classification and their functional classification.
- 3) The financial statements include a disclosure about liquidity and availability of resources.

The new standard did not have a significant effect on previously reported net assets.

**GLOBAL VOLUNTEERS**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance for accounting for revenue from contracts with customers. The new guidance outlines a single comprehensive model for organizations to use in accounting for revenue from contracts with customers. This ASU is effective for annual and interim periods beginning after December 15, 2018 with early adoption permitted. It can be adopted using either a retrospective approach or a modified retrospective approach. The Organization is currently evaluating this guidance to determine the impact it may have on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for annual periods beginning after December 15, 2020 and interim periods within fiscal years beginning after December 31, 2021, with early adoption permitted. It is to be adopted using the modified retrospective approach. The Company is currently evaluating this guidance to determine the impact it may have on its financial statements.

**NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization maintains and manages adequate operating reserves per policies set by the board of directors. The Finance Committee regularly reviews and recommends reserve policies to the board of directors for approval.

The Organization maintains an operating reserve of 90 days of budgeted operating expenses, less noncash items such as depreciation. The reserve consists of cash and cash equivalents and assets with donor restrictions that will likely be released within 90 days.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of September 30, 2019 are as follows:

Financial Assets:	
Cash and Cash Equivalents	\$ 425,652
Accounts Receivable, Net	27,647
Inventories	20,619
Total Financial Assets	<u>473,918</u>
Less Financial Assets Held to Meet Donor Restrictions:	
Purpose Restricted-Net Assets	<u>194,974</u>
Total Financial Assets Available for General Expenditure Within One Year	<u>\$ 278,944</u>

**GLOBAL VOLUNTEERS**  
**NOTES TO FINANCIAL STATEMENTS**

---

**NOTE 3 - LINE OF CREDIT**

The Organization entered into a line of credit agreement in 2019 with Bremer Bank which enables the Organization to borrow up to \$200,000 at an interest rate of prime plus 1% (6.25% at September 30, 2019). The outstanding principal balance is due September 7, 2020. The loan is secured by the real estate mortgage of the Organization's business office, which is held by the Vice President of the Organization. The balance outstanding on this loan at September 30, 2019 and 2018 was \$0.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

The Organization leases space located in a building owned by its President and Vice President. Minimum monthly payments are \$4,600. The lease agreement is on a month-to-month basis.

Lease expense for this space was \$55,200 for the years ended September 30, 2019 and 2018.

**NOTE 5 - NET ASSETS**

Net Assets with Donor Restrictions consist of the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose Restrictions:		
Dedicated Donations	<b>\$ 138,153</b>	\$ 240,812
Trip Donations	<b><u>56,821</u></b>	<u>63,741</u>
 Total Net Assets with Donor Restrictions	 <b><u>\$ 194,974</u></b>	 <b><u>\$ 304,553</u></b>

Net assets with donor restrictions released from restriction were \$520,410 and \$918,970 in 2019 and 2018. Net assets with donor restrictions were released from restriction due to satisfaction of program restrictions.

**NOTE 6 - SUBSEQUENT EVENTS**

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact the Organization's operations and financial statements.