



Financial Statements

Global Volunteers

St. Paul, Minnesota

For the years ended September 30, 2022 and 2021



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Global Volunteers
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Global Volunteers
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of the Global Volunteers (the Organization), which comprise the statements of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Financial Statements

The financial statements of the Organization as of September 30, 2021 were audited by other auditors whose report dated February 7, 2022 expressed an unmodified opinion on those statements.



Abdo
Minneapolis, Minnesota
April 15, 2023



FINANCIAL STATEMENTS

Global Volunteers
Statements of Financial Position
September 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 154,639	\$ 43,596
Accounts receivable	35,254	439
Pledges receivable	455,816	-
Prepaid expenses	59,145	60,529
Inventory	14,128	25,164
Total Current Assets	718,982	129,728
Property and Equipment		
Equipment	157,239	157,238
Buildings	718,106	629,987
Leasehold improvements	116,474	116,474
Total Property and Equipment	991,819	903,699
Less: Accumulated Depreciation	(354,802)	(328,071)
Total Property and Equipment, Net	637,017	575,628
Total Assets	\$ 1,355,999	\$ 705,356
Liabilities		
Current Liabilities		
Accounts payable	\$ 29,189	\$ 13,062
Accrued salary and related taxes	33,018	26,753
Current portion of long term debt	12,539	12,200
Total Current Liabilities	74,746	52,015
Long-Term Debt	469,186	481,725
Total Liabilities	543,932	533,740
Net Assets		
Without donor restrictions	296,807	1,223
With donor restrictions	515,260	170,393
Total Net Assets	812,067	171,616
Total Liabilities and Net Assets	\$ 1,355,999	\$ 705,356

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Global Volunteers
Statements of Activities
For the Years Ended September 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Contributions	\$ 860,985	\$ 30,000	\$ 890,985	\$ 454,006	\$ 379,320	\$ 833,326
Grants	323,229	370,000	693,229	326,884	-	326,884
Service trip contributions	1,331,638	659,478	1,991,116	193,647	-	193,647
PPP funding	-	-	-	225,800	-	225,800
In-kind contributions	25	-	25	-	-	-
Total Support	<u>2,515,877</u>	<u>1,059,478</u>	<u>3,575,355</u>	<u>1,200,337</u>	<u>379,320</u>	<u>1,579,657</u>
Revenue						
Other income	<u>1,429</u>	<u>-</u>	<u>1,429</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets released from restrictions	<u>714,611</u>	<u>(714,611)</u>	<u>-</u>	<u>361,880</u>	<u>(361,880)</u>	<u>-</u>
Total Support and Revenue	<u>3,231,917</u>	<u>344,867</u>	<u>3,576,784</u>	<u>1,562,217</u>	<u>17,440</u>	<u>1,579,657</u>
Expenses						
Program expenses	2,462,028	-	2,462,028	1,519,524		1,519,524
Management and general	226,806	-	226,806	187,320	-	187,320
Fundraising	247,499	-	247,499	149,483	-	149,483
Total Expenses	<u>2,936,333</u>	<u>-</u>	<u>2,936,333</u>	<u>1,856,327</u>	<u>-</u>	<u>1,856,327</u>
Change in Net Assets	295,584	344,867	640,451	(294,110)	17,440	(276,670)
Beginning Net Assets	<u>1,223</u>	<u>170,393</u>	<u>171,616</u>	<u>295,333</u>	<u>152,953</u>	<u>448,286</u>
Ending Net Assets	<u>\$ 296,807</u>	<u>\$ 515,260</u>	<u>\$ 812,067</u>	<u>\$ 1,223</u>	<u>\$ 170,393</u>	<u>\$ 171,616</u>

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Global Volunteers
Statements of Functional Expenses
For the Year Ended September 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits				
Salaries	\$ 889,064	\$ 127,836	\$ 164,957	\$ 1,181,857
Payroll taxes	63,693	10,428	14,571	88,692
Employee benefits	58,516	10,566	9,433	78,515
Total salaries and benefits	<u>1,011,273</u>	<u>148,830</u>	<u>188,961</u>	<u>1,349,064</u>
Expenses				
Program service	507,134	-	-	507,134
Contributions	553,781	-	-	553,781
Insurance	49,774	12,445	3,274	65,493
Office expenses	3,320	2,272	804	6,396
Occupancy	34,313	23,471	8,330	66,114
Credit card and bank fees	29,888	-	13,374	43,262
Advertising	100,694	-	-	100,694
Depreciation	26,731	-	-	26,731
Information technology	63,779	7,973	7,972	79,724
Professional fees	3,356	27,209	610	31,175
Fundraising	-	-	17,347	17,347
Recruiting	11,242	-	-	11,242
Conferences and meetings	3,833	-	-	3,833
Training and development	29,340	-	-	29,340
Travel	9,322	-	3,107	12,429
Postage and printing	6,277	394	1,176	7,847
Miscellaneous	250	250	258	758
Maintenance and supplies	4,156	2,845	1,009	8,010
Interest	13,565	1,117	1,277	15,959
Total Expenses	<u>\$ 2,462,028</u>	<u>\$ 226,806</u>	<u>\$ 247,499</u>	<u>\$ 2,936,333</u>

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Global Volunteers
Statements of Functional Expenses (Continued)
For the Year Ended September 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits				
Salaries	\$ 773,466	\$ 130,585	\$ 100,450	\$ 1,004,501
Payroll taxes	48,768	6,791	6,173	61,732
Total salaries and benefits	<u>822,234</u>	<u>137,376</u>	<u>106,623</u>	<u>1,066,233</u>
Expenses				
Program services	70,110	-	-	70,110
Contributions	380,763	-	-	380,763
Insurance	45,879	11,470	3,018	60,367
Office expense	22,465	6,375	1,518	30,358
Rent	44,160	8,280	2,760	55,200
Bank and credit card fees	13,831	1,272	795	15,898
Marketing	22,832	-	231	23,063
Depreciation	29,314	3,664	3,664	36,642
Information technology	42,723	5,026	2,513	50,262
Professional fees	11,046	12,050	2,008	25,104
Fundraising	-	-	24,683	24,683
Business development	1,734	76	95	1,905
Miscellaneous	12,433	1,731	1,575	15,739
Total Expenses	<u>\$ 1,519,524</u>	<u>\$ 187,320</u>	<u>\$ 149,483</u>	<u>\$ 1,856,327</u>

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Global Volunteers
Statements of Cash Flows
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 640,451	\$ (276,670)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	26,731	36,642
PPP loan forgiven	-	(225,800)
(Increase) decrease in assets:		
Accounts receivable	(34,815)	(25)
Pledges receivable	(455,816)	-
Prepaid expenses	1,384	3,774
Inventory	11,036	1,812
Increase (decrease) in liabilities		
Accounts payable	16,127	(14,829)
Accrued salary and related taxes	6,265	7,155
Net Cash Provided (Used) by Operating Activities	<u>211,363</u>	<u>(467,941)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(88,120)	(128)
Net Cash Used by Investing Activities	<u>(88,120)</u>	<u>(128)</u>
Cash Flows From Financing Activities		
Proceeds from long-term debt	150,000	-
Principal payments on long-term debt	(162,200)	(5,975)
Net Cash Used by Financing Activities	<u>(12,200)</u>	<u>(5,975)</u>
Change in Cash and Cash Equivalents	111,043	(474,044)
Beginning Cash and Cash Equivalents	<u>43,596</u>	<u>517,640</u>
Ending Cash and Cash Equivalents	<u>\$ 154,639</u>	<u>\$ 43,596</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	<u>\$ 15,959</u>	<u>\$ -</u>

See Independent Auditor's Report and Notes to the Combined Financial Statements.

Global Volunteers
Notes to the Financial Statements
September 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies

A. Nature of Organization

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 became "servant-leaders" working with and learning from and about people worldwide.

B. Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. Net assets, revenues, expenses, gains and losses 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 Assets without Donor Restriction (Unrestricted)

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets with Donor Restriction (Restricted)

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Organization had donor restricted net assets of \$515,260 and \$170,393 as of September 30, 2022 and 2021, respectively.

C. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in its financial statements and accompanying notes. Actual results could differ from those estimates.

Global Volunteers
Notes to the Financial Statements
September 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, Global Volunteers considers all short-term, highly liquid investments and investments purchased with a maturity of three months or less to be considered cash or cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insurance limits at times.

E. Accounts Receivable

Accounts receivables are stated at the amount management expects to collect. Management review receivable balances annually and establishes an allowance based on expected collections. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless. Management has evaluated receivables and determined that no allowance was necessary at September 30, 2022 and 2021.

F. Inventory

Inventory consists primarily of clothing, brochures, and catalogs held for distribution, not for sale. Inventory is valued at cost, determined on a first-in, first-out basis.

G. Prepaid Expenses

Prepays consists of cash payments for expenses relating to programs. Prepaid expenses greater than twelve months, if any, are classified under other assets.

H. Property and Equipment

The Organization changed their capitalization policy over fixed assets from \$1,000 to \$5,000 in 2022. This change has no material effect to the financial statements. The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000 with a future benefit of greater than one year. Depreciation is charged to activities using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for the Organization's property and equipment is as follows:

<u>Assets</u>	<u>Useful Lives in Years</u>
Buildings and Improvements	5 - 40
Land Improvements	5-15
Equipment	5 - 7
Furniture	5 - 7

Depreciation expense for the years ended September 30, 2022 and 2021 was \$26,731 and \$36,642, respectively.

Global Volunteers
Notes to the Financial Statements
September 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

I. Revenue Recognition

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.

J. Functional Expense Allocation

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expense presents the natural classification detail of expenses by function. Most expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Indirect expenses are allocated based on employee time and effort, and include salaries, payroll taxes, employee benefits, occupancy, insurance, telephone, internet, printing, postage and information technology expenses.

K. Income Taxes

The Global Volunteers qualifies as a tax-exempt entity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05.

L. Advertising

Advertising costs are expensed as incurred. Total advertising expense was \$100,694 and \$23,063 for years ending September 30, 2022 and 2021, respectively.

M. Upcoming Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization for the year ended September, 2022. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

N. New Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07 Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve the transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. This ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition to separate presentation on the statement of activities, this amendment requires enhanced disclosures around each category of contributed nonfinancial assets for donor-imposed restrictions, valuation techniques, description of programs or activities in which the assets were used, and if monetized a policy about monetizing rather than utilizing the asset(s). The amendments in this ASU have been applied on a retrospective basis and are effective for the Organization as of September 30, 2022.

Global Volunteers
Notes to the Financial Statements
September 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (Continued)

O. Subsequent Events

Subsequent events were evaluated through April 15, 2023, which is the date the financial statements were available to be issued.

Note 2: Leases

Global Volunteers leases office space on a month-to-month basis. Minimum monthly payments are \$4,600. Lease expense for the years ended September 30, 2022 \$66,114 and 2021 was \$55,200.

Note 3: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of September 30:

	2022	2021
Purpose Restrictions		
Dedicated donations	\$ -	\$ 36,692
Trip donations	115,260	133,701
Staff researcher	30,000	-
Ipalamwa program	370,000	-
Total Net Assets With Donor Restriction	\$ 515,260	\$ 170,393

Net assets with donor restrictions released from restriction were \$714,611 and \$361,880 for years ended September 30, 2022 and 2021, respectively. Net assets with donor restrictions were released from restriction due to satisfaction of program restrictions.

Note 4: Long Term Debt

Long-term debt outstanding as of September 30, 2022 and 2021 consists of a Small Business Administration note of \$500,000. The SBA loan was advanced to the Organization in April 2020. Monthly payments of \$2,136, including 2.75% interest, began April 2021. The note matures in April 2050 and is secured by assets of the Organization.

The future principal payment for the SBA note payable as of September 30 are as follows:

For the Year Ended September 30,	Amount
2023	\$ 12,539
2024	12,888
2025	13,247
2026	13,616
2027	13,995
Thereafter	415,440
Total	\$ 481,725

Global Volunteers
Notes to the Financial Statements
September 30, 2022 and 2021

Note 5: 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, 2022 and 2021, respectively. Interest expense for the years ended September 30, 2022 and 2021 was \$15,959 and \$6,841, respectively.

The Organization received a loan in the amount of \$150,000 from related parties in the year ended September 30, 2022. This loan was paid back in full in the year ended September 30, 2022.

Note 6: In-Kind Donations

The Organization had the following in-kind donations during 2022 are detailed below:

Nonfinancial asset	2022	Usage in Programs/ Activities	Donor Restriction	Fair Value Techniques
Food	\$ 25	Nutrition program services	None	Estimated wholesale prices of identical or similar products if purchased in the region

Note 7: COVID-19

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world during 2020 and 2021 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies.

Note 8: 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, 2022 and 2021 as follows:

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 154,639	\$ 43,596
Accounts receivable, net	35,254	439
Pledge receivable	455,816	-
Total Financial Assets	<u>645,709</u>	<u>44,035</u>
Less: Financial Assets Held to Meet Donor Restrictions:	<u>(515,260)</u>	<u>(170,393)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 130,449</u>	<u>\$ (126,358)</u>