



**GLOBAL MEDIA OUTREACH, INC.
AND AFFILIATE**

Consolidated Financial Statements
With Independent Auditors' Report

August 31, 2022 and 2021

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Global Media Outreach, Inc. and Affiliate
Plano, Texas

Opinion

We have audited the accompanying financial statements of Global Media Outreach, Inc. and Affiliate, which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Media Outreach, Inc. and Affiliate as of August 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Media Outreach, Inc. and Affiliate 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 these 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 Global Media Outreach, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Global Media Outreach, Inc. and Affiliate
Plano, Texas

Auditors' 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 auditors' 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 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 Global Media Outreach, Inc. and Affiliate'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 Global Media Outreach, Inc. and Affiliate'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.

Capin Crouse LLP

Pleasanton, California
November 8, 2022

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Consolidated Statements of Financial Position

	August 31,	
	2022	2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 4,946,925	\$ 1,863,975
Prepaid expenses and other assets	200,491	389,474
	5,147,416	2,253,449
Security deposits	15,328	17,016
Furniture and equipment-net	1,110,999	1,063,638
	\$ 6,273,743	\$ 3,334,103
Total Assets	\$ 6,273,743	\$ 3,334,103
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 211,359	\$ 59,175
Accrued expenses	222,884	163,128
Deferred rent liability	39,387	71,877
Total liabilities	473,630	294,180
Net assets:		
Without donor restrictions	4,663,558	1,680,692
With donor restrictions	1,136,555	1,359,231
Total net assets	5,800,113	3,039,923
Total Liabilities and Net Assets	\$ 6,273,743	\$ 3,334,103

See notes to consolidated financial statements

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Consolidated Statements of Activities

	Year Ended August 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 8,765,790	\$ 2,398,664	\$ 11,164,454	\$ 5,647,079	\$ 2,808,143	\$ 8,455,222
Interest and other income	288,050	-	288,050	2,449	-	2,449
	<u>9,053,840</u>	<u>2,398,664</u>	<u>11,452,504</u>	<u>5,649,528</u>	<u>2,808,143</u>	<u>8,457,671</u>
Release of purpose restrictions	<u>2,621,340</u>	<u>(2,621,340)</u>	<u>-</u>	<u>2,409,047</u>	<u>(2,409,047)</u>	<u>-</u>
Total Support and Revenue	<u>11,675,180</u>	<u>(222,676)</u>	<u>11,452,504</u>	<u>8,058,575</u>	<u>399,096</u>	<u>8,457,671</u>
EXPENSES:						
Program services	6,378,956	-	6,378,956	6,801,954	-	6,801,954
Supporting activities:						
General and administrative	540,302	-	540,302	427,875	-	427,875
Fundraising	1,773,056	-	1,773,056	806,727	-	806,727
Total Expenses	<u>8,692,314</u>	<u>-</u>	<u>8,692,314</u>	<u>8,036,556</u>	<u>-</u>	<u>8,036,556</u>
Change in Net Assets	2,982,866	(222,676)	2,760,190	22,019	399,096	421,115
Net Assets, Beginning of Year	<u>1,680,692</u>	<u>1,359,231</u>	<u>3,039,923</u>	<u>1,658,673</u>	<u>960,135</u>	<u>2,618,808</u>
Net Assets, End of Year	<u>\$ 4,663,558</u>	<u>\$ 1,136,555</u>	<u>\$ 5,800,113</u>	<u>\$ 1,680,692</u>	<u>\$ 1,359,231</u>	<u>\$ 3,039,923</u>

See notes to consolidated financial statements

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Consolidated Statements of Cash Flows

	Year Ended August 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,760,190	\$ 421,115
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	170,098	18,891
Loan forgiveness of Paycheck Protection Program loan	-	(398,420)
In-kind donation of property and equipment	(20,000)	(170,971)
Non-cash project expenses	87,523	-
Net change in:		
Prepaid expenses and other assets	190,671	(369,372)
Accounts payable	152,184	(72,803)
Accrued expenses and deferred rent liability	27,266	(16,277)
Net Cash Provided (Used) by Operating Activities	3,367,932	(587,837)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(284,982)	(54,118)
Net Cash Used in Investing Activities	(284,982)	(54,118)
Change in Cash and Cash Equivalents	3,082,950	(641,955)
Cash and Cash Equivalents, Beginning of Year	1,863,975	2,505,930
Cash and Cash Equivalents, End of Year	\$ 4,946,925	\$ 1,863,975
SUPPLEMENTAL DISCLOSURES:		
Loan forgiveness of Paycheck Protection Program loan	\$ -	\$ 398,420

See notes to consolidated financial statements

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

1. NATURE OF ORGANIZATION:

Global Media Outreach, Inc. was formerly Internet Outreach 2100, Inc. In 2010, the name was changed to Global Media Outreach, Inc. and operations began. Global Media Outreach, Inc. is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, the organization is subject to federal income tax on any unrelated business taxable income. In addition the organization is not classified as a private foundation within the meaning of Section 509(a) of the IRC. The primary source of support and revenue for Global Media Outreach, Inc. is contributions which are tax-deductible for income tax purposes.

Global Media Outreach, Inc. is a religious organization dedicated to the advancement of the gospel of Jesus Christ by the evangelism of unbelievers and the discipleship of believers.

Explore God, a 501(c)(3) organization, came under the control of Global Media Outreach, Inc. in August 2021 to extend both organizations' reach for God's glory. Explore God's mission is to help millennials, seekers, and Christians explore, experience, and engage with God's plan for their lives. The combination of Explore God's extensive video and other resources and Global Media Outreach, Inc.'s ability to reach the masses provides an incredible synergy for more effectively presenting the Gospel and discipleship.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements for Global Media Outreach, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

Due to board control, Explore God is a controlled subsidiary of Global Media Outreach, Inc. The consolidated financial statements of Global Media Outreach, Inc. include the financial resources and activities of Explore God and together are collectively referred to as Global Media Outreach, Inc, and Affiliate (GMO). All significant intercompany balances and transactions have been eliminated.

CASH AND CASH EQUIVALENTS

GMO considers all highly liquid instruments with maturities less than three months to be cash and cash equivalents. These cash and cash equivalent accounts may, at times, exceed federally insured limits; however, GMO has not experienced any losses on these accounts. At August 31, 2022 and 2021, GMO's cash and cash equivalents exceeded federally insured limits by \$4,346,000 and \$1,007,000, respectively. GMO does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

INVESTMENTS

GMO's policy is to sell donated securities to convert them to cash as soon as they are transferred to GMO. Therefore, donated securities are recorded as contributions at the fair value on the date of conversion to cash. GMO had no securities held as of August 31, 2022 and 2021.

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FURNITURE AND EQUIPMENT-NET

Furniture and equipment is capitalized at cost on the date of purchase. Donated furniture and equipment is capitalized at its fair value on the date of the gift. GMO capitalizes long lived assets with a cost or fair value of \$3,000 or greater. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from three to nine years.

NET ASSETS

The net assets of GMO are reported according to class as follows:

Net assets without donor restrictions are those currently available for general purposes under the direction of the board.

Net assets with donor restrictions are those contributed with donor stipulations for specific operating purposes or time periods. Net assets with donor restrictions were purpose restricted by the donor for the evangelism of unbelievers and the discipleship of believers around the world through internet websites and mobile devices targeting geographic regions or specified time periods.

SUPPORT, REVENUE, AND EXPENSES

Contributions and unconditional promises to give are recorded when received. Contributions restricted by the donor for a specific purpose or time period are recorded as support in the net assets with donor restrictions class. Upon satisfaction of the restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donated assets are recorded at their fair market value on the date of donation.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

CONTRIBUTED SERVICES AND NONCASH GIFTS

GMO receives noncash gifts, which are recorded as support and expense at the estimated fair market value on the date of the gift. GMO received internet advertisements totaling approximately \$84,000 and \$66,000, during the years ended August 31, 2022 and 2021, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

3. FURNITURE AND EQUIPMENT:

Furniture and equipment consist of:

	August 31,	
	2022	2021
Computer equipment	\$ 23,124	\$ 23,124
Furniture and equipment	3,978	33,910
Audio, visual, and television equipment	2,060	2,331
Software	1,275,460	219,798
Leasehold improvements	-	17,000
	1,304,622	296,163
Construction in process	-	856,380
	1,304,622	1,152,543
Less accumulated depreciation	(193,623)	(88,905)
	\$ 1,110,999	\$ 1,063,638

4. NET ASSETS WITH DONOR RESTRICTION:

Net assets with donor restriction consist of:

	August 31,	
	2022	2021
International missions	\$ 450,000	\$ -
Life's greatest questions	435,368	501,077
Donor development	-	295,848
Digital ministry and other	165,218	205,053
Explore God integration	85,969	132,934
Something better	-	139,386
Television ministry	-	84,933
	\$ 1,136,555	\$ 1,359,231

5. PAYCHECK PROTECTION PROGRAM LOAN:

During the year ended August 31, 2020 GMO received a Paycheck Protection Program (PPP) loan of approximately \$398,000. GMO met all requirements for usage of loan funds and during the year ended August 31, 2021 the loan was fully forgiven by the Small Business Administration.

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

6. CONCENTRATION:

For the years ended August 31, 2022 and 2021, five donors provided approximately 27% and 36%, respectively, of total support and revenue. One of the five donors was included in the concentration for both years.

7. COMMITMENTS AND CONTINGENCIES:

GMO leases office space. Rent expense for the lease and other month-to-month or cancelable leases and commitments for the years ended August 31, 2022 and 2021, totaled approximately \$215,000 and \$211,000, respectively.

Minimum obligations for long-term noncancelable leases and agreements are summarized as follows:

<u>Year Ending August 31,</u> 2023	<u>\$ 241,421</u>
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During the year ended August 30, 2021 GMO entered into a sublease agreement for the use of their office space. Minimum receipts for the long-term noncancelable lease are summarized as follows:

<u>Year Ending August 31,</u> 2023	<u>\$ 312,698</u>
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8. RELATED PARTY TRANSACTIONS:

During the years ended August 31, 2022 and 2021, GMO received contributions from board members totaling approximately \$1,421,000 and \$1,115,000, respectively.

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

9. EMPLOYEE BENEFIT PLAN:

GMO sponsors a 403(b) plan (the Plan) covering full-time employees who have been with the organization more than 30 days. Participants in the Plan vest immediately upon initial contribution. GMO contributes up to \$100 per month for every eligible employee. During the years ended August 31, 2022 and 2021, GMO's contributions to the Plan totaled approximately \$25,000 and \$27,000, respectively.

10. FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various program services and supporting activities have been summarized on a functional basis below. Accordingly, certain categories of expenses are attributable to one or more program or supporting functions of GMO. Those expenses include compensation, advertising, professional fees, supplies, and travel, which are allocated based on time and effort, as well as depreciation and facilities, which are allocated based on headcount.

The following table presents expenses by both their nature and function for the year ended August 31, 2022:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 1,446,979	\$ 304,627	\$ 786,953	\$ 2,538,559
Project expenses	2,313,686	25,577	186,995	2,526,258
Office and supplies	675,391	88,872	552,572	1,316,835
Advertising	926,606	-	23,482	950,088
Professional fees	434,302	87,005	122,621	643,928
Depreciation and facilities	500,865	28,570	-	529,435
Travel	42,821	3,045	75,156	121,022
Other	38,306	2,606	25,277	66,189
	<u>\$ 6,378,956</u>	<u>\$ 540,302</u>	<u>\$ 1,773,056</u>	<u>\$ 8,692,314</u>

GLOBAL MEDIA OUTREACH, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

10. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

The following table presents expenses by both their nature and function for the year ended August 31, 2021:

	Program Services	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 1,765,997	\$ 294,333	\$ 615,423	\$ 2,675,753
Project expenses	2,394,146	1,658	13,243	2,409,047
Office and supplies	422,822	54,338	31,064	508,224
Advertising	1,418,733	-	3,759	1,422,492
Professional fees	461,105	52,853	29,110	543,068
Depreciation and facilities	282,049	23,744	72,098	377,891
Travel	37,737	949	40,505	79,191
Other	19,365	-	1,525	20,890
	<u>\$ 6,801,954</u>	<u>\$ 427,875</u>	<u>\$ 806,727</u>	<u>\$ 8,036,556</u>

11. LIQUIDITY AND FUNDS AVAILABLE:

GMO has approximately \$4,947,000 available within one year of the balance sheet date to meet pay for general expenditures. Although approximately \$1,137,000 is subject to donor restrictions, management expects all of the restricted net assets will be spent as part of GMO's ongoing monthly expenses. GMO has a goal to maintain a cash balance to meet 60 days of average monthly operating expenses.

12. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 8, 2022, which is the date the financial statements were available to be issued.