



GLOBAL MEDIA OUTREACH, INC.

Financial Statements
With Independent Auditors' Report

August 31, 2023 and 2022 (Consolidated)

GLOBAL MEDIA OUTREACH, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Global Media Outreach, Inc., which comprise the statements of financial position as of August 31, 2023 and 2022 (consolidated), 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. as of August 31, 2023 and 2022, 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 Consolidated Financial Statements* section of our report. We are required to be independent of Global Media Outreach, Inc. 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.'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.
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.'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.'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 1, 2023

GLOBAL MEDIA OUTREACH, INC.

Statements of Financial Position

	August 31,	
	2023	2022
		(Consolidated)
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 2,101,042	\$ 4,946,925
Investments	1,007,424	-
Prepaid expenses and other assets	417,592	200,491
	<u>3,526,058</u>	<u>5,147,416</u>
Security deposits	15,328	15,328
Furniture and equipment-net	1,843,630	1,110,999
	<u>1,843,630</u>	<u>1,110,999</u>
Total Assets	<u>\$ 5,385,016</u>	<u>\$ 6,273,743</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 107,357	\$ 211,359
Accrued expenses	202,231	222,884
Deferred rent liability	-	39,387
Total liabilities	<u>309,588</u>	<u>473,630</u>
Net assets:		
Without donor restrictions	3,976,237	4,663,558
With donor restrictions	1,099,191	1,136,555
Total net assets	<u>5,075,428</u>	<u>5,800,113</u>
Total Liabilities and Net Assets	<u>\$ 5,385,016</u>	<u>\$ 6,273,743</u>

See notes to financial statements

GLOBAL MEDIA OUTREACH, INC.

Statements of Activities

	Year Ended August 31,					
	2023			2022 (Consolidated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 6,010,434	\$ 4,013,512	\$ 10,023,946	\$ 8,765,790	\$ 2,398,664	\$ 11,164,454
Interest and other income	337,259	-	337,259	288,050	-	288,050
	<u>6,347,693</u>	<u>4,013,512</u>	<u>10,361,205</u>	<u>9,053,840</u>	<u>2,398,664</u>	<u>11,452,504</u>
Release of purpose restrictions	4,050,876	(4,050,876)	-	2,621,340	(2,621,340)	-
Total Support and Revenue	<u>10,398,569</u>	<u>(37,364)</u>	<u>10,361,205</u>	<u>11,675,180</u>	<u>(222,676)</u>	<u>11,452,504</u>
EXPENSES:						
Program services	9,371,060	-	9,371,060	6,378,956	-	6,378,956
Supporting activities:						
General and administrative	585,253	-	585,253	540,302	-	540,302
Fundraising	1,129,577	-	1,129,577	1,773,056	-	1,773,056
Total Expenses	<u>11,085,890</u>	<u>-</u>	<u>11,085,890</u>	<u>8,692,314</u>	<u>-</u>	<u>8,692,314</u>
Change in Net Assets	(687,321)	(37,364)	(724,685)	2,982,866	(222,676)	2,760,190
Net Assets, Beginning 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>2,618,808</u>
Net Assets, End of Year	<u>\$ 3,976,237</u>	<u>\$ 1,099,191</u>	<u>\$ 5,075,428</u>	<u>\$ 4,663,558</u>	<u>\$ 1,136,555</u>	<u>\$ 5,800,113</u>

See notes to financial statements

GLOBAL MEDIA OUTREACH, INC.

Statements of Cash Flows

	Year Ended August 31,	
	2023	2022 (Consolidated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (724,685)	\$ 2,760,190
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	279,864	170,098
In-kind donation of property and equipment	-	(20,000)
Non-cash project expenses	-	87,523
Net change in:		
Prepaid expenses and other assets	(217,101)	190,671
Accounts payable	(104,002)	152,184
Accrued expenses and deferred rent liability	(60,040)	27,266
Net Cash Provided (Used) by Operating Activities	(825,964)	3,367,932
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(1,012,495)	(284,982)
Purchases of investments	(1,007,424)	-
Net Cash Used in Investing Activities	(2,019,919)	(284,982)
Change in Cash and Cash Equivalents	(2,845,883)	3,082,950
Cash and Cash Equivalents, Beginning of Year	4,946,925	1,863,975
Cash and Cash Equivalents, End of Year	\$ 2,101,042	\$ 4,946,925
SUPPLEMENTAL DISCLOSURES:		
Disposal of fully depreciated equipment	\$ 19,600	\$ -

See notes to financial statements

GLOBAL MEDIA OUTREACH, INC.

Notes to Financial Statements

August 31, 2023 and 2022 (Consolidated)

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 was a controlled subsidiary of Global Media Outreach, Inc. during the year ended August 31, 2022. The consolidated financial statements of Global Media Outreach, Inc. as of August 31, 2022 include the financial resources and activities of Explore God and 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, 2023 and 2022, GMO's cash and cash equivalents exceeded federally insured limits by \$1,839,000 and \$4,346,000, respectively.

INVESTMENTS

GMO's investments consist of a number of certificates of deposit and money market accounts, which are stated at cost plus accrued interest. 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, 2023 and 2022.

GLOBAL MEDIA OUTREACH, INC.

Notes to Financial Statements

August 31, 2023 and 2022 (Consolidated)

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 seven 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 \$28,000 and \$84,000, during the years ended August 31, 2023 and 2022, 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.

Notes to Financial Statements

August 31, 2023 and 2022 (Consolidated)

3. FURNITURE AND EQUIPMENT:

Furniture and equipment consist of:

	August 31,	
	2023	2022
Software	\$ 2,284,220	\$ 1,275,460
Computer equipment	7,259	23,124
Furniture and equipment	3,978	3,978
Audio, visual, and television equipment	2,060	2,060
	<u>2,297,517</u>	<u>1,304,622</u>
Less accumulated depreciation	<u>(453,887)</u>	<u>(193,623)</u>
	<u>\$ 1,843,630</u>	<u>\$ 1,110,999</u>

4. NET ASSETS WITH DONOR RESTRICTION:

Net assets with donor restriction consist of:

	August 31,	
	2023	2022
International missions	\$ 550,000	\$ 450,000
Life's greatest questions	343,960	435,368
Digital ministry and other	204,554	165,218
Explore God integration	677	85,969
	<u>\$ 1,099,191</u>	<u>\$ 1,136,555</u>

5. CONCENTRATION:

For the years ended August 31, 2023 and 2022, five donors provided approximately 29% and 27%, respectively, of total support and revenue. Two of the five donors were included in the concentration for both years.

6. COMMITMENTS AND CONTINGENCIES:

GMO leased office space under an agreement with an expiration date of August 2023. Rent expense for the lease and other month-to-month or cancelable leases and commitments for the years ended August 31, 2023 and 2022, totaled approximately \$204,000 and \$215,000, respectively.

During the year ended August 30, 2021 GMO entered into a sublease agreement, with an expiration date of August 2023, for the use of their office space. Rent income for the years ended August 31, 2023 and 2022 totaled approximately \$313,000 and \$287,000, respectively.

GLOBAL MEDIA OUTREACH, INC.

Notes to Financial Statements

August 31, 2023 and 2022 (Consolidated)

7. RELATED PARTY TRANSACTIONS:

During the years ended August 31, 2023 and 2022, GMO received contributions from board members totaling approximately \$1,765,000 and \$1,421,000, respectively.

8. 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 contributed up to \$100 per month for every eligible employee until January 2023, at which time, the contribution was increased to \$200 per month. During the years ended August 31, 2023 and 2022, GMO's contributions to the Plan totaled approximately \$42,000 and \$25,000, respectively.

9. 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, 2023:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 1,949,615	\$ 429,576	\$ 925,241	\$ 3,304,432
Project expenses	4,038,519	12,357	-	4,050,876
Advertising	1,052,059	-	28,159	1,080,218
Professional fees	904,949	72,338	74,429	1,051,716
Office and supplies	652,805	61,027	19,504	733,336
Depreciation and facilities	581,673	6,666	-	588,339
Travel	140,733	2,163	79,108	222,004
Other	50,707	1,126	3,136	54,969
	<u>\$ 9,371,060</u>	<u>\$ 585,253</u>	<u>\$ 1,129,577</u>	<u>\$ 11,085,890</u>

GLOBAL MEDIA OUTREACH, INC.

Notes to Financial Statements

August 31, 2023 and 2022 (Consolidated)

9. FUNCTIONAL ALLOCATION OF EXPENSES, continued:

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

	Program Services	General and Administrative	Fundraising	Total
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
Advertising	926,606	-	23,482	950,088
Professional fees	434,302	87,005	122,621	643,928
Office and supplies	675,391	88,872	552,572	1,316,835
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>

10. LIQUIDITY AND FUNDS AVAILABLE:

GMO has approximately \$3,108,000 available within one year of the balance sheet date to meet pay for general expenditures. Although approximately \$1,099,000 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.

11. SUBSEQUENT EVENTS:

Subsequent events were evaluated through November 1, 2023, which is the date the financial statements were available to be issued.