

**GLOBAL CATALYTIC MINISTRIES, INC.**

Financial Statements

Year Ended December 31, 2020

With

Independent Accountant's Review Report



**GLOBAL CATALYTIC MINISTRIES, INC.**

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## Independent Accountant's Review Report

Board of Directors  
Global Catalytic Ministries, Inc.

### **Report on the Financial Statements**

We have reviewed the accompanying statements of Global Catalytic Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*MORSE & CO., PLLC*

Tulsa, Oklahoma  
December 23, 2021

**GLOBAL CATALYTIC MINISTRIES, INC.**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020

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**ASSETS**

Current assets	
Cash and cash equivalents	\$ 215,009
Cash and cash equivalents - donor restricted	492,539
Prepaid expenses	101,584
Other assets - donor restricted	<u>3,800</u>
Total current assets	<u>812,932</u>
Property and equipment, net	<u>14,417</u>
Total assets	<u><u>\$ 827,349</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable	<u>\$ 26,146</u>
Total current liabilities	<u>26,146</u>
Net assets	
Without donor restriction	308,664
With donor restriction	<u>492,539</u>
Total net assets	<u>801,203</u>
Total liabilities and net assets	<u><u>\$ 827,349</u></u>

See independent accountant's review report and the accompanying notes to financial statements.

**GLOBAL CATALYTIC MINISTRIES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restriction	With Donor Restriction	Total
<b>Revenues</b>			
Contributions and bequests	\$ 905,361	\$ 792,320	\$ 1,697,681
Support for international missionaries	-	219,053	219,053
Other income	22,040	-	22,040
Donated goods and services	551	-	551
Net assets released from restriction	595,792	(595,792)	-
<b>Total revenues</b>	<b>1,523,744</b>	<b>415,581</b>	<b>1,939,325</b>
<b>Expenses</b>			
Program services	1,171,117	-	1,171,117
Management and general	162,728	-	162,728
Fundraising	142,671	-	142,671
<b>Total expenses</b>	<b>1,476,516</b>	<b>-</b>	<b>1,476,516</b>
Change in net assets	47,228	415,581	462,809
Net assets, beginning of year	261,436	76,958	338,394
Net assets, end of year	<u>\$ 308,664</u>	<u>\$ 492,539</u>	<u>\$ 801,203</u>

See independent accountant's review report and the accompanying notes to financial statements.

**GLOBAL CATALYTIC MINISTRIES, INC.**  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2020

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Cash flows from operating activities	
Change in net assets	\$ 462,809
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	2,687
PPP loan forgiveness	(22,040)
Changes in assets and liabilities	
Accounts receivable	
Prepaid expenses	40,651
Other assets	(1,200)
Accounts payable	20,578
	<hr/>
Net cash provided by (used in) operating activities	503,485
	<hr/>
Cash flows from investing activities	
Purchase of property and equipment	(14,275)
	<hr/>
Net cash provided by (used in) investing activities	(14,275)
	<hr/>
Cash flows from financing activities	
Proceeds from PPP loan	22,040
	<hr/>
Net cash provided by (used in) financing activities	22,040
	<hr/>
Change in cash and cash equivalents	511,250
Cash and cash equivalents, beginning of year	196,298
	<hr/>
Cash and cash equivalents, end of year	\$ 707,548
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See independent accountant's review report and the accompanying notes to financial statements.

**GLOBAL CATALYTIC MINISTRIES, INC.**  
**STATEMENT OF FUNTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fundraising	Total
Assistance to foreign individuals	\$ 597,924	\$ -	\$ -	\$ 597,924
COVID-19, flood and winter relief	219,159	-	-	219,159
Training	90,005	-	-	90,005
Travel, food and lodging	30,605	644	42,549	73,798
Prayer ministry	65,584	-	-	65,584
Accounting	-	56,813	-	56,813
Security	50,133	-	-	50,133
Executive Director fees	-	49,700	-	49,700
Development	-	-	43,818	43,818
Computers and services	37,457	5,328	865	43,650
Contract services	40	4,355	36,815	41,210
Unrealized loss due to foreign exchange rates	37,897	-	-	37,897
Telecommunications	18,260	1,590	-	19,850
Payroll taxes	6,064	7,788	5,237	19,089
Bank and merchant fees	-	13,680	1,080	14,760
Meetings	1,832	6,489	1,620	9,941
Gifts	4,371	2,834	2,242	9,447
Advertising	-	927	7,589	8,516
Equipment	2,393	2,811	-	5,204
Permits and licenses	4,018	-	-	4,018
Rent	-	3,433	-	3,433
Office expense	176	2,826	302	3,304
Depreciation	2,687	-	-	2,687
Communications Coordinator	-	2,500	-	2,500
Social media and advertising	2,000	-	-	2,000
Legal fees	500	1,005	-	1,505
Printing	12	5	554	571
<b>Total</b>	<b>\$ 1,171,117</b>	<b>\$ 162,728</b>	<b>\$ 142,671</b>	<b>\$ 1,476,516</b>

See independent accountant's review report and the accompanying notes to financial statements.

**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

***Description of Organization***

Global Catalytic Ministries, Inc. (the Organization) is a qualified tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization exists to transform Muslims worldwide through Jesus Christ, by means of evangelism, discipleship, church planting, leadership development, and compassion ministries. The Organization is primarily supported by donations and grants.

***Basis of Presentation***

The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions***

Net assets available for use in general operations and not subject to donor or grantor restrictions.

***Net Assets With Donor Restrictions***

Net assets which are restricted by donors for a particular purpose. When a donor's restriction is satisfied by using the resources in the manner specified by the donor, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with donor restrictions to without donor restrictions.

***Cash and Cash Equivalents***

The Organization defines cash and cash equivalents to be all cash on hand and cash in bank accounts with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available.

***Pledges Receivable***

The Organization has elected the fair value option for valuing pledges receivable. The fair value option was chosen to measure pledges in order to mitigate volatility in reported changes in net assets. Pledges are recorded at their estimated fair value when received and revalued annually. No pledge receivables were recorded at December 31, 2020, and as a result no allowance for doubtful accounts is required.

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**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Property and Equipment***

Property and equipment are stated at cost if purchased by the Organization. Donations of property and equipment are recorded as support at the estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless the donor has stipulated how long donated assets must be maintained, the Organization reports the expiration of donor restrictions when the donated or acquired assets are placed in service. At that time, the assets are transferred from restricted net assets to unrestricted net assets. Property and equipment are depreciated using the straight-line method over the estimated useful life. The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500 if their useful lives exceed one year.

The Organization records impairment to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Organization based on facts and circumstances in existence at the time of determination, estimates of probable future economic conditions, and other information. No impairments were recorded in 2020.

***Revenue Recognition***

Contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in with donor restriction or permanently restricted net assets depending on the nature of the restrictions. All contributions are considered available for without donor restricted use unless specifically restricted by the donor or subject to other legal restrictions.

The Financial Accounting Standards Board (FASB) issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a transaction should be accounted for as a contribution or exchange transaction. The Organization adopted ASU 2018-08 as of January 1, 2020 under the modified prospective approach. The adoption of ASU 2018-08 did not materially impact the financial statements.

Contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as net assets with donor restrictions depending on the nature of the restrictions. All contributions are considered available for use without donor restriction unless specifically restricted by the donor or subject to other legal restrictions.

The Organization recognizes contributions after analyzing each agreement and performing the following procedures:

- 1) Determine whether the transaction is an exchange or contribution
- 2) Identify any donor-imposed conditions or restrictions regarding its use
- 3) Distinguish between barriers and donor-imposed restrictions
- 4) Conclude that all conditions are resolved prior to recognizing the contribution as revenue

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**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, equipment depreciation, and other expenses which are allocated on the basis of estimates of time and effort. The percentage allocation is based on interviews with administrative personnel regarding time spent on various functions on certain test dates and is reviewed biennially by management.

***Income Taxes***

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the code.

The Organization has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority.

The Organization's evaluation as of December 31, 2020, revealed no uncertain tax positions that would have a material impact on the financial statements. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Organization is no longer subject to tax examinations by taxing authorities for years before 2015. Under Treasury regulation section 1.6033-2(g)(1)(iv), a mission society affiliated with or sponsored by one or more churches or church denominations and with more than one-half of the activities of such society conducted in, and directed at persons in foreign countries, is not required by the Internal Revenue Service to complete and file Form 990.

***Use of Estimates***

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

***Contributed Services and Assets***

During the year ended December 31, 2020, the Organization received services contributed by volunteers. A significant amount of those donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer efforts.

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**NOTE 1 - PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fair Value Measurements***

The Organization has determined the fair value of certain assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization employs valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

***Advertising***

The Organization expenses advertising costs as incurred. Advertising expenses were \$8,516 for the year ended December 31, 2020.

***Change in Accounting Principle***

The FASB issued ASU No. 2018-08 “Not-for-Profit Entities (Topic 958)”. The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization has adopted the provision as of January 1, 2020 with no effect to previously reported net asset balances.

***Subsequent Events***

The Organization has evaluated subsequent events through December 23, 2021 the date the financial statements were available to be issued.

On April 12, 2020, the Organization received loan proceeds in the amount of \$22,040 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan is forgivable as long as the Organization utilized the funds for eligible purposes including payroll, benefits, rent, and utilities. The Organization was granted forgiveness by the Small Business Administration on July 12, 2021.

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**GLOBAL CATALYTIC MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash	<u><u>\$ 215,009</u></u>
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The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

Assets measured at fair value on a recurring basis are as follows:

	<u>Fair Value Measurements Using</u>		
	Quoted Prices in Active Markets of Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020			
Other assets - donor restricted	<u><u>\$ 3,800</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2020:

Computer equipment	\$ 17,296
Fixed assets	5,497
Less accumulated depreciation	<u>(8,376)</u>
Property and equipment, net	<u><u>\$ 14,417</u></u>

Depreciation charged to expense was \$2,687 for the year ended December 31, 2020. The amount was allocated to program services in the statement of functional expenses.

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**GLOBAL CATALYTIC MINISTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**

**NOTE 5 - SUPPLEMENTAL CASH FLOW INFORMATION**

The Organization has adopted *FASB ASU 2016-18, Restricted Cash*, which requires the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or cash equivalents.

Cash and cash equivalents	\$ 215,009
Donor restricted cash	492,539
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Total cash, cash equivalents, and donor restricted cash shown in the statement of cash flows	<u>\$ 707,548</u>

**NOTE 6 - RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions are available for the following purposes:

Support for Pastors and Core Discipleship Makers	\$ 228,770
Outside Leadership Summit	81,984
Support for International Missionaries	77,918
Redemptive Compassion Ministries	66,085
Training and Mentoring Volunteer Discipleship Makers	21,043
Sheep Among Wolves SAW	13,502
Evacuation Reserves	2,600
Technology	637
	<hr/>
Total	<u>\$ 492,539</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the occurrence of events specified by the donors. The following amounts reflect only donor-restricted contributions expended on the listed programs.

Redemptive Compassion Ministries	\$ 218,246
Support for International Missionaries	141,135
International Expansion	70,102
Church Planting	42,102
Support for Pastors and Core Discipleship Makers	40,145
Prayer Ministry	21,000
Training and Travel for Core Discipleship Makers	19,750
Sheep Among Wolves SAW	15,633
Technology	10,062
Outside Leadership Summit	8,510
Security	5,050
Training and Mentoring Volunteer Discipleship Makers	4,057
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Total	<u>\$ 595,792</u>

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**NOTE 7 - CONCENTRATIONS OF CREDIT RISK**

The Organization's financial instruments exposed to concentrations of credit risk consist of primarily cash and cash equivalents. The Organization maintains its cash balances at local banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2020. There were uninsured balances as of December 31, 2020 of \$175,245.

Five donors accounted for approximately 31% of the Organization's donations for the year ended December 31, 2020.

**NOTE 8 - NEW ACCOUNTING PRONOUNCEMENTS**

In February, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which provides for more transparency and comparability among organizations by recognizing leased assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021 with early adoption permitted.

In September 2020, The Financial Accounting Standards Board issued Account Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets, which improves generally accepted accounting principles' by increasing the transparency of the contributed non-financial asset for not-for profit entities through enhancement to presentation and disclosure. ASU 2020-07 is affected for annual anus beginning after June 15, 2021, with early adoption permitted.

The Organization will be evaluating the impact these standards will have on its financial statements and related disclosures.

**NOTE 9 – RECOGNITION OF PPP LOAN**

On April 12, 2020, the Organization received loan proceeds in the amount of \$22,040 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loan is forgivable as long as the Organization utilizes the funds for eligible purposes including payroll, benefits, rent, and utilities. The Organization filed the application for forgiveness by the Small Business Administration during the 2020 fiscal year. Management believes they are in compliance with all terms and conditions of the agreement to receive full forgiveness. As such, management has elected to recognize the loan proceeds as revenues in the year in which the conditions were fulfilled. Should a portion of the loan balance not be forgiven, management will correct in a subsequent period.