

**Global Outreach International, Inc.
and Subsidiaries**

Consolidated Financial Statements

December 31, 2019 and 2018

Independent Auditors' Report

Board of Directors Global Outreach International, Inc.

We have audited the accompanying consolidated financial statements of Global Outreach International, Inc. ("GOI") and Subsidiaries (the "Organization") which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Outreach International, Inc. and Subsidiaries as of December 31, 2019, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Consolidated Financial Statements

The consolidated financial statements of Global Outreach International, Inc. and Subsidiaries as of and for the year ended December 31, 2018, were audited by other auditors whose report dated July 19, 2019, expressed an unmodified opinion of those statements.

PKF O'Connor Davies, LLP

October 14, 2020

Global Outreach International, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	December 31	
	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,571,091	\$ 1,205,898
Consulting contracts receivable	13,481	33,503
Investments	5,214,137	3,966,877
Prepaid expenses	<u>28,023</u>	<u>27,548</u>
Total Current Assets	6,826,732	5,233,826
Investments (Endowment fund)	4,407,481	3,750,541
Property and equipment, net	<u>1,021,117</u>	<u>893,850</u>
 Total Assets	 <u>\$ 12,255,330</u>	 <u>\$ 9,878,217</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 157,042	\$ 55,134
Accrued liabilities	58,651	9,892
Contract deposits	<u>-</u>	<u>8,688</u>
Total Liabilities	<u>215,693</u>	<u>73,714</u>
Net Assets		
Without Donor Restrictions		
Undesignated	1,365,392	1,004,720
Board designated	<u>4,407,481</u>	<u>3,750,541</u>
Total Without Donor Restrictions	5,772,873	4,755,261
With donor restrictions	<u>6,266,764</u>	<u>5,049,242</u>
Total Net Assets	<u>12,039,637</u>	<u>9,804,503</u>
	 <u>\$ 12,255,330</u>	 <u>\$ 9,878,217</u>

See notes to consolidated financial statements

Global Outreach International, Inc. and Subsidiaries

Consolidated Statements of Activities

	Year Ended					
	December 31, 2019			December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Donations	\$ 872,998	\$ 15,498,660	\$ 16,371,658	\$ 561,304	\$ 13,897,440	\$ 14,458,744
Training and consulting contract revenues	308,591	-	308,591	203,832	-	203,832
Merchandise sales and other income	2,736	18,371	21,107	2,012	20,746	22,758
Investment return	1,256,123	-	1,256,123	(253,815)	-	(253,815)
Net assets released from restrictions	14,299,509	(14,299,509)	-	13,383,679	(13,383,679)	-
Total Support and Revenue	<u>16,739,957</u>	<u>1,217,522</u>	<u>17,957,479</u>	<u>13,897,012</u>	<u>534,507</u>	<u>14,431,519</u>
EXPENSES						
Program services	13,772,972	-	13,772,972	12,673,285	-	12,673,285
Management and general	1,721,626	-	1,721,626	1,501,706	-	1,501,706
Fundraising	227,747	-	227,747	203,404	-	203,404
Total Expenses	<u>15,722,345</u>	<u>-</u>	<u>15,722,345</u>	<u>14,378,395</u>	<u>-</u>	<u>14,378,395</u>
Change in Net Assets	1,017,612	1,217,522	2,235,134	(481,383)	534,507	53,124
NET ASSETS						
Beginning of year	<u>4,755,261</u>	<u>5,049,242</u>	<u>9,804,503</u>	<u>5,236,644</u>	<u>4,514,735</u>	<u>9,751,379</u>
End of year	<u>\$ 5,772,873</u>	<u>\$ 6,266,764</u>	<u>\$ 12,039,637</u>	<u>\$ 4,755,261</u>	<u>\$ 5,049,242</u>	<u>\$ 9,804,503</u>

See notes to consolidated financial statements

Global Outreach International, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

	Year Ended							
	December 31, 2019				December 31, 2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 5,092,297	\$ 641,776	\$ 131,213	\$ 5,865,286	\$ 4,765,656	\$ 570,701	\$ 105,900	\$ 5,442,257
Payroll taxes and employee benefits	443,399	63,328	24,288	531,015	427,474	55,098	19,546	502,118
Total Salaries and Related Expenses	5,535,696	705,104	155,501	6,396,301	5,193,130	625,799	125,446	5,944,375
Missionary expense	7,914,598	877,682	-	8,792,280	7,155,341	794,062	-	7,949,403
Direct mail	223	1,166	5,194	6,583	1,164	407	4,125	5,696
Client expenses	16,297	1,811	-	18,108	35,811	3,979	-	39,790
Depreciation	37,718	10,777	11,375	59,870	40,672	8,134	9,296	58,102
Insurance	18,342	5,240	5,532	29,114	20,812	4,162	4,757	29,731
Miscellaneous	1,747	-	-	1,747	1,423	-	-	1,423
Occupancy	34,279	6,789	9,545	50,613	38,659	5,165	8,718	52,542
Office expense	87,393	14,015	12,378	113,786	101,599	11,681	34,572	147,852
Professional services	55,125	68,184	-	123,309	27,510	34,580	752	62,842
Professional development and training	23,148	5,267	-	28,415	22,592	1,166	-	23,758
Software and computer	2,908	21,867	21,719	46,494	4,176	10,698	10,659	25,533
Travel	45,498	3,724	6,503	55,725	30,396	1,873	5,079	37,348
	<u>\$ 13,772,972</u>	<u>\$ 1,721,626</u>	<u>\$ 227,747</u>	<u>\$ 15,722,345</u>	<u>\$ 12,673,285</u>	<u>\$ 1,501,706</u>	<u>\$ 203,404</u>	<u>\$ 14,378,395</u>

See notes to consolidated financial statements

Global Outreach International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,235,134	\$ 53,124
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	59,870	58,102
Loss on sale of equipment	2,777	-
Unrealized (gain) loss on investments	(1,018,618)	510,279
Realized gain on investments	(45,621)	(72,580)
Donated investments	(40,103)	(3,986)
Donated property and equipment	(17,480)	(1,600)
Changes in Assets and Liabilities		
Consulting contracts receivable	20,022	(7,086)
Accrued interest receivable	-	4,181
Prepaid expenses	(475)	1,126
Accounts payable	101,908	26,330
Accrued liabilities	48,759	(6,128)
Contract deposits	(8,688)	8,688
Net Cash from Operating Activities	1,337,485	570,450
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	2,853,216	2,689,635
Proceeds from sale of Investments (Endowment fund)	576,173	569,504
Purchases of investments	(3,728,237)	(3,236,825)
Purchases of investments (Endowment fund)	(501,010)	(476,510)
Purchase of property and equipment	(173,434)	(29,024)
Proceeds from sale of property and equipment	1,000	-
Net Cash from Investing Activities	(972,292)	(483,220)
Net Change in Cash and Cash Equivalents	365,193	87,230
 CASH AND CASH EQUIVALENTS		
Beginning of year	1,205,898	1,118,668
End of year	<u>\$ 1,571,091</u>	<u>\$ 1,205,898</u>

See notes to consolidated financial statements

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

1. Organization and Tax Status

Global Outreach International, Inc. (“GOI”) was incorporated on April 28, 2000 in Mississippi. GOI is a nonprofit corporation formed to provide opportunities to and support for Christian missionaries providing evangelism, discipleship, development and compassion ministries to people in approximately fifty countries around the world. GOI is supported primarily through donor contributions.

Spindigo Group, LLC (“Spindigo”) was organized in 2017, and is a wholly-owned subsidiary of GOI. Spindigo was created to provide management and direction to various small organizations and individuals that support the vision and mission of GOI.

GOinnovation, LLC was organized in 2017, and is a wholly-owned subsidiary of Spindigo. GOinnovation, LLC was created to accomplish the mission of GOI by providing human development and leadership training to churches, nonprofits, and businesses throughout the world.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of GOI, Spindigo Group, LLC and GOinnovation, LLC (collectively the “Organization”). All material intercompany accounts and transactions are eliminated in consolidation.

Income Taxes

GOI is a non-for-profit corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. GOI is subject to the unrelated business income tax on leadership training income from certain clients. As single member limited liability companies, Spindigo Group, LLC and GOinnovation, LLC are disregarded entities included within the tax filings of GOI.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (*continued*)

Adoption of New Accounting Policies

On January 1, 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”). This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributions, and therefore no changes to the previously issued audited Consolidated financial statements were required on a retrospective basis. Adoption of this ASU had no impact on the Organization’s Consolidated financial statements.

Additionally, on January 1, 2019, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. Adoption of this ASU had no impact on the Organization’s Consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and cash held in investment accounts.

Investments

Investments are stated at fair value based on quoted prices in active markets. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend basis. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Fair Value Measurements

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. All of the Organization’s investments are categorized as Level 1 investments as of December 31, 2019 and 2018.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is recorded at cost, if purchased, or fair value, if donated and is depreciated using the straight-line method over the estimated useful lives of the assets which range from three to thirty-nine years. The Organization capitalizes property and equipment with a cost, or value if donated, of \$1,000 or more.

The Organization evaluates its long-lived assets for impairment whenever events or changes in circumstances would indicate that the carrying value of assets may not be recoverable. Long-lived assets would be deemed to be impaired if projected undiscounted future net cash flows are less than the carrying value of the assets. There was no impairment loss recognized in 2019 and 2018.

Presentation of Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions as to time or purpose.

Net assets with donor restrictions represent net assets subject to donor-imposed restrictions that expire by the passage of time, or actions of the Organization. When a donor's time-restriction expires or a purpose-restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying Consolidated statements of activities as net assets released from restrictions.

Support and Revenue

GOI receives donations from individuals, churches, and groups across the United States to support its missionaries and to fund its administrative costs, and are recognized when unconditional promises to give are made or upon receipt of cash. All donations are available for general use unless specifically restricted by the donor. Donations restricted by the donor are reported as increases in net assets with donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Consulting Fees

GOinnovation, LLC enters into contracts with customers to provide leadership training and other consulting services. The transaction price is determined based on an estimate of the time and materials involved to complete the service requested. GOinnovation's performance obligations are considered satisfied as the service is rendered based on hours of consulting or training within the same year. Payment terms vary according to the nature of the client's contract. For short-term project related contracts, GOinnovation typically invoices clients for half of the contract amount before performing services with the remaining amount to be invoiced after completion. For longer-term contracts, GOinnovation typically invoices the clients quarterly over the performance of the contract. Invoices are payable within thirty days. Revenue is recognized as performance obligations are satisfied.

Investment Return

Investment return, including realized and unrealized gains and losses, interest and dividend income is reported as an increase or decrease in net assets without donor restrictions unless a donor places restrictions on the income's use. No restricted investment income was recorded for the years ended December 31, 2019 and 2018.

Donated Property and Services

Contributions of assets other than cash are recorded at their estimated fair value on the date of donation. Contributions of services are recognized only if they (1) create or enhance nonfinancial assets or (2) require specialized skills or are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These services are recorded at their fair values in the period received. No such services were received by the Organization during the years ended December 31, 2019 and 2018. However, many individuals volunteer their time and assist the Organization with administrative tasks and mission work. These contributed services do not meet the above criteria and are not reflected in the accompanying consolidated financial statements.

Functional Expense Allocations

The consolidated financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits and missionary expense, which are allocated on the basis of time and effort estimates, and office, occupancy, travel, and other expenses, which are allocated on the basis of estimated cost per function.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

2. Summary of Significant Accounting Policies *(continued)*

Advertising Costs

The Organization follows the policy of charging costs of advertising to expense as incurred. Advertising expense was \$17,075 and \$9,363 for the years ended December 31, 2019 and 2018.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2016.

Reclassifications

Certain items in the 2018 Consolidated statement of cash flows were reclassified to conform to the 2019 Consolidated statement of cash flows.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is October 14, 2020.

3. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents and investments. At times cash and cash equivalents balances held at financial institutions were in excess of federally insured limits. The Organization has not experienced any losses on its cash deposits.

Investments are diversified by type of industry concentrations so that no individual investment or group of investments represents a significant concentration of market risk.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

4. Investments

Investments are summarized as follows at December 31:

	2019		2018	
	Cost	Fair value	Cost	Fair value
Equity securities	\$ 1,114,397	\$ 1,161,190	\$ 778,067	\$ 702,578
Mutual funds	4,048,462	4,052,947	3,456,225	3,264,299
	\$ 5,162,859	\$ 5,214,137	\$ 4,234,292	\$ 3,966,877
 <u>Endowment fund</u>				
Fixed income securities	\$ 1,324,270	\$ 1,335,481	\$ 1,267,035	\$ 1,235,863
Equity securities	1,517,668	2,904,800	1,597,520	2,343,270
	2,841,938	4,240,281	2,864,555	3,579,133
Cash and cash equivalents	167,200	167,200	171,408	171,408
	\$ 3,009,138	\$ 4,407,481	\$ 3,035,963	\$ 3,750,541

5. Property and Equipment

Property and equipment consist of the following as of December 31:

	2019	2018
Land	\$ 148,575	\$ 148,575
Building and improvements	1,023,718	885,522
Duplexes	209,166	195,615
Furniture and fixtures - duplexes	26,989	44,975
Office furniture and equipment	163,415	141,732
Equipment	11,000	11,000
	1,582,863	1,427,419
Less: Accumulated depreciation	561,746	533,569
	\$ 1,021,117	\$ 893,850

On August 1, 2018, GOI entered into a lease agreement with an unrelated nonprofit corporation (the Tenant) for the lease of 6.71 acres of land for \$1 per year. The Tenant has constructed a building on the land which it occupies. The initial lease term is 50 years, and the Tenant shall be the owner of the improvements throughout this term. Upon expiration of the initial term or sooner termination of the lease, ownership of all improvements upon the land shall become the property of GOI. The lease may be renewed for another 50 years.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

6. Board Designation

Net assets without donor restrictions include a perpetual endowment fund designated by the Board of Directors for long-term investment. The endowment fund consists of cash and cash equivalents and investments, and is managed by investment account advisors under the direction of a board of managers. The Organization's primary investment objectives are income and liquidity, with growth of capital being a secondary goal. Four percent of the fair value of the endowment fund's net assets as of the beginning of each calendar year is to be used for the operating, administrative, and capital expenses of the Organization for that year.

Board designated endowment fund transactions for 2019 and 2018 are summarized below.

	Years Ended December 31,	
	2019	2018
Endowment fund, beginning of year	\$ 3,750,541	\$ 4,012,941
Investment Return		
Interest and dividends	92,860	84,984
Net gains on sales of investments	45,403	72,591
Net unrealized gain (loss) on investments	686,553	(241,666)
Investment fees	(17,854)	(17,791)
Investment Return	806,962	(101,882)
Appropriation for expenditure	(150,022)	(160,518)
Endowment fund, end of year	\$ 4,407,481	\$ 3,750,541

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 were comprised of the following:

	2019	2018
Missionary expense	\$ 6,201,945	\$ 5,038,591
Capital campaign	64,819	10,651
Total	\$ 6,266,764	\$ 5,049,242

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

7. Net Assets with Donor Restrictions (*continued*)

Net assets released from restrictions during 2019 and 2018 for various purposes are as follows:

	<u>2019</u>	<u>2018</u>
Missionary expense	\$ 14,192,664	\$ 13,383,679
Capital campaign	<u>106,845</u>	<u>-</u>
Total	<u>\$ 14,299,509</u>	<u>\$ 13,383,679</u>

8. Retirement Plan

GOI has a Section 401(k) plan whereby GOI matches employee contributions up to 5% of compensation. Employer retirement contributions were \$111,304 and \$99,940 for the years ended December 31, 2019 and 2018.

9. Related Party Transactions

Certain members of the board of directors of GOI also served as missionaries. Donations received from and missionary expense paid to these directors are included in the Consolidated statements of activities as follows:

	<u>Years Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Donor-restricted donations and other income	\$ 117,878	\$ 169,201
Program services expense	74,216	237,958

10. Liquidity and Availability of Financial Assets

The Organization sets a goal of having financial assets on hand to meet three months of operating expenses, which are, on average, around \$3,500,000 for missionary and mission project expenditures and \$500,000 for other expenditures. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization invests some of its cash in excess of its daily needs in short-term investments.

The Organization is primarily funded by contributions from donors that are restricted for use by certain missionaries or for certain mission projects. The Organization requires and monitors individual budgets for each missionary and project and limits expenditures if funds are not available. The board of directors can also decide to draw upon the endowment fund if additional funds are needed.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

10. Liquidity and Availability of Financial Assets *(continued)*

The Organization financial assets as of December 31, 2019 that were available to meet cash needs for general expenditures within one year were:

	<u>2019</u>
Financial Assets:	
Cash and cash equivalents	\$ 1,571,091
Consulting contracts receivable	13,481
Investments	5,214,137
Investments (Endowment fund)	<u>4,407,481</u>
Total Financial Assets	<u>11,206,190</u>
Less:	
Contractual or donor imposed restriction amounts	
Purpose restricted for capital campaign	(64,819)
Purpose restricted for missionary expense	(6,201,945)
Board designated for endowment fund	<u>(4,407,481)</u>
	<u>(10,674,245)</u>
Add:	
2020 endowment spending (4% of endowment fund)	176,299
2020 spending for missionary expense	<u>4,626,307</u>
	<u>4,802,606</u>
Financial Assets Available to Meet General Operating Expenditures over the Next Twelve Months	<u>\$ 5,334,551</u>

11. Contingencies

Subsequent to year end, the Coronavirus (“COVID-19”) pandemic has resulted in substantial volatility in the global financial markets. Because the value of the Organization’s individual investments has and will fluctuate in response to changing market conditions, the amount of losses, if any, that may be recognized in subsequent periods, cannot be determined.

COVID-19 may continue to have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

Global Outreach International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

11. Contingencies (continued)

In addition, the Organization received a \$432,000 Paycheck Protection Program loan (the "PPP Loan") from the Small Business Administration ("SBA"). The PPP Loan matures in April 2025, has an interest rate of 1.0% per annum and no payments are due until February, 2021. If certain defined conditions are met, the PPP Loan may be forgiven by the SBA, otherwise the Organization will be required to repay the loan in full.

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