

GLOBAL CATALYTIC MINISTRIES, INC.

Financial Statements

Year Ended December 31, 2023

With

Independent Auditor's Report



GLOBAL CATALYTIC MINISTRIES, INC.

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position - December 31, 2023	3
Statement of Activities - Year Ended December 31, 2023	4
Statement of Cash Flows - Year Ended December 31, 2023	5
Statement of Functional Expenses - Year Ended December 31, 2023	6
Notes to Financial Statements	7 - 13



Independent Auditor's Report

Board of Directors
Global Catalytic Ministries, Inc.

Opinion

We have audited the accompanying financial statements of Global Catalytic Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows, and functional expenses for the year 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 as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Effect of Adopting New Accounting Standards

As discussed in Note 1, Global Catalytic Ministries, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326) for the year ended December 31, 2023. Our opinion is not modified with respect to this matter.

MORSE & CO., PLLC

Tulsa, Oklahoma
February 3, 2025

GLOBAL CATALYTIC MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS	
Current assets	
Cash and cash equivalents	\$ 978,494
Cash and cash equivalents - donor restricted	189,657
Prepaid expenses	10,000
Other receivables	<u>1,627</u>
Total current assets	<u>1,179,778</u>
Noncurrent assets	
Property and equipment, net	<u>16,085</u>
Total noncurrent assets	<u>16,085</u>
Total assets	<u><u>\$ 1,195,863</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 23,490
Accrued liabilities	<u>5,305</u>
Total current liabilities	<u>28,795</u>
Net assets	
Without donor restriction	977,411
With donor restriction	<u>189,657</u>
Total net assets	<u>1,167,068</u>
Total liabilities and net assets	<u><u>\$ 1,195,863</u></u>

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

GLOBAL CATALYTIC MINISTRIES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Contributions and bequests	\$ 1,837,883	\$ 896,502	\$ 2,734,385
Support for international missionaries	-	40,181	40,181
In-kind contributions	411	-	411
Loss on disposal of property and equipment	(6,224)	-	(6,224)
Other losses	(162,892)	-	(162,892)
Net assets released from restriction	967,183	(967,183)	-
Total revenues	2,636,361	(30,500)	2,605,861
Expenses			
Program services	2,343,418	-	2,343,418
Management and general	382,870	-	382,870
Fundraising	633,072	-	633,072
Total expenses	3,359,360	-	3,359,360
Change in net assets	(722,999)	(30,500)	(753,499)
Net assets, beginning of year	1,700,410	220,157	1,920,567
Net assets, end of year	\$ 977,411	\$ 189,657	\$ 1,167,068

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

GLOBAL CATALYTIC MINISTRIES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities	
Change in net assets	\$ (753,499)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Bad debt expense	90,400
Depreciation	7,823
Loss on sale of property and equipment	6,225
Changes in assets and liabilities	
Prepaid expenses	706,152
Security deposits	9,856
Other receivables	(1,627)
Accounts payable	(35,788)
Accrued liabilities	5,304
Net cash provided by (used in) operating activities	<u>34,846</u>
Change in cash and cash equivalents	34,846
Cash and cash equivalents, beginning of year	<u>1,133,305</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,168,151</u></u>

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

GLOBAL CATALYTIC MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Afghanistan emergency relief	\$ 961,643	\$ -	\$ -	\$ 961,643
Payroll expenses	226,364	246,696	123,588	596,648
Cybersecurity department	426,918	2,118	-	429,036
Communications and marketing	48,128	-	340,543	388,671
Office expenses	321,831	-	2,320	324,151
Donor development	-	-	155,854	155,854
Coaching department	150,608	-	-	150,608
Finance department	-	111,829	-	111,829
Bad debt	90,400	-	-	90,400
Prayer department	60,298	-	-	60,298
Payroll taxes	19,721	22,227	10,767	52,715
Worship department	28,343	-	-	28,343
Depreciation	7,823	-	-	7,823
Gifts	1,341	-	-	1,341
Total	<u>\$ 2,343,418</u>	<u>\$ 382,870</u>	<u>\$ 633,072</u>	<u>\$ 3,359,360</u>

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

GLOBAL CATALYTIC MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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 that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose and is disclosed separately in Note 6.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal 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 and will be consumed during the next operating cycle.

Prepaid expenses

Prepaid expenses consist of prepaid deposits for the completion of books.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at time of contribution. Expenditures and improvements that extend the useful lives of the assets are capitalized at cost. The Organization follows the practice of capitalizing expenditures in excess of \$2,500 with a useful life of more than one year. Expenditures for repairs and maintenance are expensed as incurred.

(Continued)

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

Property and Equipment (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment. All current equipment is being depreciated over a five-year useful life.

The Organization records impairments to its 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 the determination, estimates or probably future economic conditions, and other information. No impairments were recorded as of December 31, 2023.

Leases

Operating leases are to be included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating lease liabilities in the Organization's statement of financial position. Finance leases are to be included in property and equipment, other current liabilities, and other long-term liabilities in the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since most of the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Organization's incremental borrowing rate (historical prime rate, 8.5% at December 31, 2023) based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization had no material leases qualifying as a ROU asset and liabilities as of December 31, 2023.

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 unrestricted use 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

(Continued)

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 statement of activities. The statement of functional expenses presents 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 expenses related to specific programs, payroll, cybersecurity, communications and marketing, office expenses, and payroll taxes, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization is in compliance with Topic 740-10. This standard had no impact on the financial statements. As of December 31, 2023, the unrecognized tax benefit accrual was zero.

The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. Federal tax returns are subject to examination by the IRS for three years after the date filed.

Accounting Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the allowance for doubtful accounts, fair value measurements, depreciation, accrued expenses, and collectability of contributions.

Contributed Services and Assets

During the year ended December 31, 2023, 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.

(Continued)

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

Fair Value Measurements

The Organization records certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Inputs into valuation techniques are categorized into three levels, with the highest priority given to Level 1 and the lowest priority given to Level 3, as described below.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quote prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Generally unobservable inputs, which are developed based on the best information available and may include the Organization’s own internal data.

Advertising

The Organization expenses advertising costs as incurred. There were no advertising expenses incurred for the year ended December 31, 2023.

Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). The current methodology requires a delay in recognizing credit losses until it is probable a loss has been incurred. Both, entities that extend credit and users of their financial statements, expressed concern that current GAAP restricted the ability to record credit losses that are expected, but do not yet meet the “probable” threshold. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Organization adopted ASU 2016-13 as of January 1, 2023, under the modified retrospective approach. The adoption of the standard had no material impact on the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through February 3, 2025, the date the financial statements were available to be issued.

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GLOBAL CATALYTIC MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 2 – NOTES RECEIVABLE

The Organization had an outstanding note receivable with an independent contractor which bore no interest and required monthly payments of \$500. The balance was forgiven in full during the year ended December 31, 2023, and has been recognized on the statement of activities during the year ended.

NOTE 3 - 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>\$ 978,494</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 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2023:

Computer equipment	\$ 38,949
Less accumulated depreciation	<u>(22,864)</u>
Property and equipment, net	<u>\$ 16,085</u>

Depreciation charged to expense was \$7,823 for the year ended December 31, 2023. The amount was allocated to program services, management and general and fundraising in the statement of functional expenses.

NOTE 5 - SUPPLEMENTAL CASH FLOW INFORMATION

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statement of financial position that equal the total of the same such amount shown in the statement of cash flows.

Cash and cash equivalents	\$ 978,494
Donor restricted cash	<u>189,657</u>
Total cash, cash equivalents, and donor restricted cash shown in the statement of cash flows	<u>\$ 1,168,151</u>

(Continued)

GLOBAL CATALYTIC MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 6 - RESTRICTIONS ON NET ASSETS

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

Compassion Ministries	\$ 86,969
Technology	49,612
Development and Communications	40,000
Evacuation Reserves	8,356
Sheep Among Wolves Training	4,470
Support for International Missionaries	250
Total	<u>\$ 189,657</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.

Compassion Ministries	\$ 283,503
Support for Pastors and Core Discipleship Makers	245,641
International Expansion	132,209
Outside Leadership Summit	111,984
Afghanistan Relief, Winter Relief, COVID-19	104,861
Sheep Among Wolves Training	37,293
Support for International Missionaries	31,692
Development and Communications	20,000
Total	<u>\$ 967,183</u>

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Organization's financial instruments exposed to concentrations of credit risk consist primarily of 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, 2023. At times, the Organization's balances may exceed the insured limit. Management believes the risk related to these deposits is minimal. To date, the Organization has not experienced any losses in any of these accounts.

No single donor accounted for more than 4% of the Organization's donations for the year ended December 31, 2023.

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GLOBAL CATALYTIC MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 8 – CONTINGENCIES

In the normal course of business, the Organization may be involved in legal proceedings. In the opinion of management, any liability from such proceedings would not have a material adverse effect on the Organization's financial statements.