GLOBAL SCHOLARS AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2017

Contents

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Independent Auditors' Report

Board of Directors
Global Scholars and Affiliate
Olathe, Kansas

Report On The Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Global Scholars and Affiliate, which comprise the consolidated statement of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the years 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 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 audits. We conducted our audits 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 from 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 financial position of Global Scholars and Affiliate as of June 30, 2017 and 2016, 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.

RubinBrown LLP

October 13, 2017

GLOBAL SCHOLARS AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	June 30, 2017	June 30, 2016
Current Assets		
Cash and cash equivalents	**$ 738,081**	$ 662,810
Investments, fair value	**85,568**	79,896
Promises to give, net	**6,915**	6,960
Prepaid expenses	**41,478**	6,958
Total Current Assets	**872,042**	756,624
Furniture And Equipment, Less Accumulated Depreciation Of $25,315 In 2017 And $21,402 In 2016	**6,419**	10,332
Cash Reserved For College Allowance Fund	**43,524**	49,296
Cash Restricted For Donor Specified Purposes	**35,102**	56,000
Total Assets	**$ 957,087**	$ 872,252

Liabilities And Net Assets

	June 30, 2017	June 30, 2016
Current Liabilities		
Accounts payable	**$ 4,112**	$ 6,809
Accrued expenses	**69,802**	43,825
Deferred revenue	**37,703**	—
Total Current Liabilities	**111,617**	50,634
Liability For College Allowance Fund	**43,524**	49,296
Net Assets		
Temporarily restricted	**35,102**	56,000
Unrestricted:		
Net investment in equipment	**6,419**	10,332
Board designated	**454,080**	399,640
Undesignated	**306,345**	306,350
Total Net Assets	**801,946**	772,322
Total Liabilities And Net Assets	**$ 957,087**	$ 872,252

GLOBAL SCHOLARS AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Years Ended June 30, 2017 And 2016

	2017			2016		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Revenues, Gains And Other Support						
Contributions:						
Contributions and bequests	**$ 1,997,743**	**$ —**	**$ 1,997,743**	$ 1,958,719	$ 9,200	$ 1,967,919
In-kind contributions	**2,349,524**	**—**	**2,349,524**	2,279,744	—	2,279,744
Administrative fees	**5,525**	**—**	**5,525**	2,050	—	2,050
Special events	**—**	**—**	**—**	53,297	—	53,297
Investment income	**21,714**	**—**	**21,714**	7,003	—	7,003
Other income	**—**	**—**	**—**	522	—	522
Net assets released from restrictions	**20,898**	**(20,898)**	**—**	97,249	(97,249)	—
Total Revenues, Gains And Other Support	**4,395,404**	**(20,898)**	**4,374,506**	4,398,584	(88,049)	4,310,535
Expenses						
Program	**3,757,857**	**—**	**3,757,857**	3,752,031	—	3,752,031
Management and general	**406,665**	**—**	**406,665**	439,225	—	439,225
Fundraising	**180,360**	**—**	**180,360**	183,011	—	183,011
Total Expenses	**4,344,882**	**—**	**4,344,882**	4,374,267	—	4,374,267
Increase (Decrease) In Net Assets	**50,522**	**(20,898)**	**29,624**	24,317	(88,049)	(63,732)
Net Assets - Beginning Of Year	**716,322**	**56,000**	**772,322**	692,005	144,049	836,054
Net Assets - End Of Year	**$ 766,844**	**$ 35,102**	**$ 801,946**	$ 716,322	$ 56,000	$ 772,322

GLOBAL SCHOLARS AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended June 30, 2017	2016
Cash Flows From Operating Activities		
Increase (decrease) in net assets	**$ 29,624**	$ (63,732)
Adjustments to reconcile the increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	**3,913**	3,499
Realized and unrealized gain on investment	**(18,986)**	(6,631)
Changes in assets and liabilities:		
Decrease (increase) in promises to give, net	**45**	(6,960)
Decrease in other receivables, deposits and advances	**—**	9,558
Decrease (increase) in prepaid expenses	**(34,520)**	23,701
Decrease in accounts payable	**(2,697)**	(41,565)
Increase in accrued expenses and college allowance fund	**20,205**	3,029
Increase in deferred revenue	**37,703**	—
Net Cash Provided By (Used In) Operating Activities	**35,287**	(79,101)
Cash Flows From Investing Activities		
Purchase of property and equipment	**—**	(2,275)
Purchase of investments	**(5,241)**	(72,912)
Proceeds from sale of investments	**18,555**	11,610
Net Cash Provided By (Used In) Investing Activities	**13,314**	(63,577)
Net Increase (Decrease) In Cash And Cash Equivalents	**48,601**	(142,678)
Cash And Cash Equivalents - Beginning Of Year	**768,106**	910,784
Cash And Cash Equivalents - End Of Year	**$ 816,707**	$ 768,106

1. Organization

Global Scholars (the Scholars) was formed in 1986 with its sole program being to disciple and train leaders by teaching Christian studies in leading universities in every country around the world. The Scholars assists universities primarily by providing professors and resources in Christian studies and a broad range of other disciplines and by establishing Departments of Christian Studies and other related programs. The Scholars operates from an administrative office in Olathe, Kansas. The Scholars operates under the pseudonym of International Center for Christian Education in the Country of Nigeria.

Cooperative Studies, Inc. (the Affiliate) was formed in 2001 as a not-for-profit organization to improve the quality of leadership worldwide by placing faculty with academic and moral excellence at targeted universities. Global Scholars shares the same board members as the Affiliate and has an economic interest in the Affiliate. Accordingly, Global Scholars financial statements consolidate the accounts and activities of the Affiliate (collectively, the Organization).

2. Significant Accounting Policies

Basis Of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America. Under these principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor by actions of the Organization.

Principles Of Consolidation

The consolidated financial statements include the accounts of the Scholars and the Affiliate (collectively the Organization). All significant inter-organization transactions have been eliminated. The Scholars and the Affiliate are affiliated through the common majority voting interest in the Boards of Directors and the significant economic interest which exists between the entities.

Estimates And Assumptions

The preparation of consolidated 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 amounts reported in the consolidated financial statements and accompanying notes. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash And Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Organization considers all bank balances, cash management and highly-liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds.

Investments and Investment Return

Investments consist of stocks and mutual funds and are reported at fair value in the consolidated statement of financial position. See Note 5 for a discussion of fair value measurements. Gains or losses on sales of investments are determined on a specific cost identification method. Unrealized gains and losses are included in the consolidated statements of activities and changes in net assets and are determined based on year-end fair value fluctuations.

Promises To Give And Revenue

Unconditional promises to give are recognized as support in the period the promises are received. Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows, less an allowance for uncollectible promises. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promises are received. Amortization of the discount is included in contribution revenue.

Contribution revenue is recognized upon written notification from a donor, at net realizable value.

Special event revenue is recognized in the period in which the event occurs. Payments received in advance are recorded as deferred revenue on the consolidated statement of financial position.

Conditional contributions, which depend upon specified future and uncertain events, are not included as support until such time as the conditions are substantially met.

Restricted And Unrestricted Support

Contributions are reported as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Furniture And Equipment

Furniture and equipment is recorded at cost or, if donated, at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Expenditures for major renewals and betterments in excess of $1,000 and that extend the useful life of assets are capitalized. Furniture and equipment are depreciated on the straight-line method over their estimated useful lives, ranging from three to seven years.

Functional Expenses

Expenses are charged to programs and support services on the basis of management's estimates. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Salaries and wages are charged to program expense and support expense on the basis of periodic time studies. Other expenses which benefit several programs are allocated on a pro rata basis to the programs they benefit. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

In-Kind Contributions

The Organization recognizes the fair value of contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed services not meeting the criteria outlined above is not reflected in these consolidated financial statements. The estimated value of professor services received was $2,349,524 and $2,279,744 for the years ended June 30, 2017 and 2016, respectively, and is reported on the consolidated statement of activities and changes in net assets. The related in-kind expense is included in program expenses on the consolidated statement of activities and changes in net assets.

Income Taxes

The Scholars and the Affiliate are organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) as not-for-profit religious and educational organizations.

The Organization's tax returns for tax years 2013 and later remain subject to examination by taxing authorities.

Reclassifications

Certain reclassifications have been made to the prior year amounts to conform to the current year's presentation. The reclassifications had no effect on net assets.

3. Promises to Give

Unconditional promises to give are summarized as follows:

	2017	2016
Total promises to give	**$ 7,165**	$ 8,510
Less: allowance for uncollectible amounts	**(250)**	(1,550)
Net promises to give	**$ 6,915**	$ 6,960

All promises to give are due within one year or less.

4. Investments

Investments and unrealized appreciation are as follows at June 30:

	2017		
	Cost	**Fair Value**	**Unrealized Appreciation**
Common stocks	$ 53,845	$ 73,936	$ 20,091
Mutual fund	9,508	11,632	2,124
	$ 63,353	$ 85,568	$ 22,215

	2016		
	Cost	**Fair Value**	**Unrealized Appreciation**
Common stocks	$ 63,404	$ 69,886	$ 6,482
Mutual fund	9,508	10,010	502
	$ 72,912	$ 79,896	$ 6,984

Investment return consisted of the following for the years ended June 30:

		2017		2016
Interest and dividend income	$	**2,728**	$	372
Realized gain		**3,755**		—
Unrealized gain		**15,231**		6,631
Total investement income	$	**21,714**	$	7,003

5. Fair Value Measurements

The Organization follows an established framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under these rules are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Common Stocks

Valued at the daily closing price reported on the active market on which the individual securities are traded.

Mutual Fund

Valued at the daily closing price as reported by the fund. The mutual fund held by the Organization is an open-end investment fund that is registered with the Securities and Exchange Commission. This fund is required to publish its daily net asset value (NAV) and to transact at that price. The mutual fund held by the Organization is deemed to be actively traded.

There have been no changes in the methodologies used at June 30, 2017 and 2016.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017 and 2016:

	June 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 73,936	$ —	$ —	$ 73,936
Equity mutual fund	11,632	—	—	11,632
Total Assest At Fair Value	$ 85,568	$ —	$ —	$ 85,568

	June 30, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 69,886	$ —	$ —	$ 69,886
Equity mutual fund	10,010	—	—	10,010
Total Assest At Fair Value	$ 79,896	$ —	$ —	$ 79,896

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2017	2016
AIDS projects	**$ 2,067**	$ 3,234
Christian Religious Knowledge	**24,055**	24,055
Scholarship fund	**450**	450
Strategic opportunities fund	**—**	10,483
2016 Gala	**—**	9,200
Library fund	**8,530**	8,578
	$ 35,102	$ 56,000

7. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and are categorized as follows:

	2017	2016
Beneficial interest in Community Foundation	**$ —**	$ 2,500
Building fund	**—**	50,935
Global partnership fund	**—**	4,240
Leadership development fund	**—**	25,947
Tyndale grant	**—**	5,627
IT development fund	**—**	8,000
Library fund	**48**	—
Strategic Opportunites Fund	**10,483**	—
AIDS Project	**1,167**	—
2016 Gala	**9,200**	—
Total net assets released from restrictions	**$ 20,898**	$ 97,249

8. Board Designated Net Assets

Board designated net assets are available for the following purposes at June 30:

	2017	2016
SubSahara Africa	$ 135,983	$ 77,925
Southeast Asia and related professors	9,414	9,079
Central Asia and related professors	18,975	5,395
China and related professors	23,531	19,058
Europe and related professors	212,601	208,609
Mideast fund	(276)	674
Mexico, South & Central America	9,143	15,536
Professors not assigned	44,709	63,364
Total board designated net assets	$ 454,080	$ 399,640

9. Employee Benefits

The Organization has a retirement plan under IRC Section 403(b). The Plan covers all employees who meet certain service requirements. Annually the Organization will match employee contributions up to 5% of compensation, subject to IRC limitations. For the years ended June 30, 2017 and 2016, the Organization contributed $32,023 and $30,330, respectively, to the retirement plan.

The Organization has established a College Allowance Fund to assist in the education of children of overseas personnel. Eligible overseas personnel can contribute a portion of their salary, and the Organization will match up to 2% of compensation. For the years ended June 30, 2017 and 2016, the Organization contributed $633 and $1,169, respectively, to this College Allowance Fund. The cash held in this fund is restricted for use in satisfying the offsetting liability for the fund.

10. Joint Costs

The Organization incurred joint costs for informational materials and activities that included fundraising appeals. These joint costs were allocated as follows for June 30, 2017:

	Vision Conference And Retreats	Newsletter And Mailings	Website	Total
Program	$ —	$ 8,847	$ 1,645	$ 10,492
Management and general	—	6,802	3,865	10,667
Fundraising	—	26,410	2,714	29,124
Total joint costs	$ —	$ 42,059	$ 8,224	$ 50,283

These joint costs were allocated as follows for June 30, 2016:

	Vision Conference And Retreats	Newsletter And Mailings	Website	Total
Program	$ 51,901	$ 9,629	$ 3,245	$ 64,775
Management and general	1,781	5,511	7,626	14,918
Fundraising	10,088	22,390	7,412	39,890
Total joint costs	$ 63,770	$ 37,530	$ 18,283	$ 119,583

11. Lease Commitments

During 2016, the Organization entered into an operating lease for office space with a third party through March 2019. Rent expense for the years ended June 30, 2017 and 2016 was $24,133 and $37,908, respectively. The future minimum lease payments under the operating lease are as follows:

Year	Amount
2018	$ 21,540
2019	14,360
	$ 35,900

12. Subsequent Event

Effective August 31, 2017, Cooperative Studies, Inc. was merged into Global Scholars. Global Scholars is the surviving organization and will be called "Global Scholars".

Management has evaluated subsequent events through October 13, 2017, the date the consolidated financial statements were available to be issued.