

**LAUNCH GLOBAL**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**LAUNCH GLOBAL  
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DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Launch Global

### **Opinion**

We have audited the accompanying financial statements of Launch Global (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Launch Global as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 Launch Global's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Launch Global'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 Launch Global'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 audits, significant audit findings and certain internal control related matters that we identified during the audits.

*Warren Averett, LLC*

Birmingham, Alabama  
June 10, 2024

**LAUNCH GLOBAL  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash	\$ 4,618,109	\$ 5,713,461
Prepaid expenses	49,057	61,617
Other current assets	7,520	4,522
Operating lease right-of-use asset, net	83,381	7,978
Property and equipment, net	<u>27,083</u>	<u>21,578</u>
<b>TOTAL ASSETS</b>	<u>\$ 4,785,150</u>	<u>\$ 5,809,156</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 42,626	\$ 32,752
Accrued payroll expenses and other current liabilities	212,156	214,342
Operating lease liability	<u>83,381</u>	<u>9,758</u>
Total liabilities	338,163	256,852
<b>NET ASSETS</b>		
Net assets without donor restrictions	4,312,676	5,387,349
Net assets with donor restrictions	<u>134,311</u>	<u>164,955</u>
Total net assets	<u>4,446,987</u>	<u>5,552,304</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 4,785,150</u>	<u>\$ 5,809,156</u>

See notes to the financial statements.

**LAUNCH GLOBAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2022</u>
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 8,978,816	\$ -	\$ 8,978,816	\$ 9,361,902
Event registration	40,005	-	40,005	27,183
Grant income	-	-	-	508,680
Donated stock and services	44,490	-	44,490	4,952
Other revenue	106,023	-	106,023	42,261
Net assets released from restrictions	30,644	(30,644)	-	-
Total revenue and support	9,199,978	(30,644)	9,169,334	9,944,978
<b>EXPENSES</b>				
Program services	8,806,919	-	8,806,919	8,498,529
Management and general	1,002,839	-	1,002,839	1,194,738
Fundraising	464,893	-	464,893	371,712
Total expenses	10,274,651	-	10,274,651	10,064,979
<b>CHANGE IN NET ASSETS</b>	(1,074,673)	(30,644)	(1,105,317)	(120,001)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	5,387,349	164,955	5,552,304	5,672,305
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 4,312,676</u>	<u>\$ 134,311</u>	<u>\$ 4,446,987</u>	<u>\$ 5,552,304</u>

See notes to the financial statements.

**LAUNCH GLOBAL**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 9,361,777	\$ 125	\$ 9,361,902
Event registration	27,183	-	27,183
Grant income	508,680	-	508,680
Donated stock and services	4,952	-	4,952
Other revenue	42,261	-	42,261
Net assets released from restrictions	41,654	(41,654)	-
Total revenue and support	9,986,507	(41,529)	9,944,978
<b>EXPENSES</b>			
Program services	8,498,529	-	8,498,529
Management and general	1,194,738	-	1,194,738
Fundraising	371,712	-	371,712
Total expenses	10,064,979	-	10,064,979
<b>CHANGE IN NET ASSETS</b>	(78,472)	(41,529)	(120,001)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	5,465,821	206,484	5,672,305
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 5,387,349</u>	<u>\$ 164,955</u>	<u>\$ 5,552,304</u>

See notes to the financial statements.

**LAUNCH GLOBAL**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>December 31, 2023</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll and benefits	\$ 7,094,311	\$ 740,620	\$ 309,157	\$ 8,144,088
Other program services	504,945	-	8,951	513,896
Conferences and retreats	295,380	-	-	295,380
Travel and meals	803,198	15,201	3,815	822,214
Bank and credit card fees	109,085	3,237	1,218	113,540
Professional fees	-	149,809	10,555	160,364
Other general and administrative expenses	-	39,289	-	39,289
Office expenditures	-	41,907	-	41,907
Depreciation and amortization	-	12,776	-	12,776
Fundraising	-	-	131,197	131,197
	<u>\$ 8,806,919</u>	<u>\$ 1,002,839</u>	<u>\$ 464,893</u>	<u>\$ 10,274,651</u>

<b>December 31, 2022</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Payroll and benefits	\$ 7,100,121	\$ 936,978	\$ 210,644	\$ 8,247,743
Other program services	328,875	-	3,857	332,732
Conferences and retreats	319,018	-	-	319,018
Travel and meals	645,871	29,025	847	675,743
Bank and credit card fees	104,644	2,470	289	107,403
Professional fees	-	114,819	21,688	136,507
Other general and administrative expenses	-	36,994	-	36,994
Office expenditures	-	40,904	-	40,904
Depreciation and amortization	-	33,548	-	33,548
Fundraising	-	-	134,387	134,387
	<u>\$ 8,498,529</u>	<u>\$ 1,194,738</u>	<u>\$ 371,712</u>	<u>\$ 10,064,979</u>

See notes to the financial statements.

**LAUNCH GLOBAL  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,105,317)	\$ (120,001)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization of property and equipment	12,776	33,548
Amortization of operating lease right-of-use asset	-	31,478
Change in prepaid expenses	12,560	(13,329)
Change in employee retention credit receivable	-	581,328
Change in other current assets	(2,998)	(103)
Change in accounts payable	9,874	(61,095)
Change in accrued expenses	(2,186)	13,480
Change in operating lease liability	(1,780)	(38,151)
Net cash (used in) provided by operating activities	<u>(1,077,071)</u>	<u>427,155</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(18,281)	(14,219)
Net cash used in investing activities	<u>(18,281)</u>	<u>(14,219)</u>
<b>CHANGE IN CASH</b>	(1,095,352)	412,936
<b>CASH AT BEGINNING OF YEAR</b>	<u>5,713,461</u>	<u>5,300,525</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 4,618,109</u>	<u>\$ 5,713,461</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Noncash operating activities:		
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 75,403</u>	<u>\$ 39,456</u>

See notes to the financial statements.

**LAUNCH GLOBAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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## **1. NATURE OF ORGANIZATION**

Launch Global (LG) was formed in 2005, as a nonprofit corporation, incorporated in the state of Alabama, exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). During 2019, LG's home office was relocated to Dallas, Texas and in 2021, LG was converted to a Texas nonprofit corporation. In December 2023, LG was reclassified as an Association of Churches per the Internal Revenue Service (IRS).

LG's mission is to mobilize churches to develop laborers and leaders who multiply healthy churches among unreached people groups.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Accounting**

The financial statements of LG are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets of LG are recorded based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of LG and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes.
- *Net Assets With Donor Restrictions* – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

LG reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

### **Revenue and Support**

Contributions are recognized in the period granted. Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

### **Donated Stock and Services**

LG accepts donated shares of publicly traded stock. Absent specific donor instructions concerning disposition of such assets, LG's policy is to sell all stock donations as soon as practical after receipt. The value of the donor's gift is determined by the average of the published high and low selling prices of stock for the day it was received.

Contributions of services are recognized at fair value if the services received create or enhance nonfinancial assets, or if the services require specialized skills that are provided by individuals possessing such skills that would typically need to be purchased if not provided by donation. Donated services are reflected as contributions at their estimated fair values on the date of receipt.

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**Use of Management Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. These 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 vary from the estimates that were used.

**Concentration of Credit Risk**

LG maintains cash accounts at a financial institution. The amount of cash held at December 31, 2023 and 2022, was \$4,209,327 and \$5,437,456, respectively. Such amounts exceed the Federal Deposit Insurance Corporation insured limit of \$250,000. LG believes that no significant concentration of credit risk exists with respect to its cash accounts. During 2020, LG began using an insured deposit sweep account to help mitigate exposure. LG has not experienced any losses with respect to its cash accounts.

**Property and Equipment**

Property and equipment is stated at cost, including expenditures that substantially increase the useful lives of existing property and equipment. Expenditures for property and equipment with an expected useful life in excess of one year are capitalized if the value is greater than \$2,500. Maintenance, repairs, minor renovations and expenditures for property and equipment with a value less than \$2,500 are expensed when incurred. When property and equipment are retired or otherwise disposed, the related costs and accumulated depreciation are removed from the respective accounts, and any gain or loss on the disposition is recognized.

LG provides for depreciation of property and equipment using the straight-line method designed to amortize costs over estimated useful lives as shown below:

<u>Item</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	3.5 years
Website development	3 years

**Leases**

LG leases office space. Management determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities within the statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, LG uses its risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that LG will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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LG's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Income Taxes**

LG is exempt from federal income taxes under Section 501(c)(3) of the IRC. Management believes that all revenue-producing activities of LG comply with Section 501(c)(3) of the IRC; accordingly, no accrual for income taxes has been made in the accompanying financial statements.

LG adheres to the provisions of GAAP relating to uncertainty in income taxes. Such provisions require entities to assess their uncertain tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. In accordance with these provisions, LG has determined that it does not have any positions at December 31, 2023, that it would be unable to substantiate. LG has filed its tax returns through December 31, 2022. The tax returns for years ended December 31, 2020, and thereafter, are subject to audit by the taxing authorities.

In December 2023, LG was reclassified as an Association of Churches per the IRS. For years ended December 31, 2023 and forward, there is no longer a tax return filing requirement with the IRS.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, personnel and other costs have been allocated among program services, management and general, and fundraising based on estimates of time, effort or direct allocation. Occupancy costs have been allocated on the basis of the function of the personnel using the space involved.

**Subsequent Events**

Management has evaluated subsequent events and their potential effects on these financial statements through June 10, 2024, the date the financial statements were available to be issued.

**Recent Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

LG adopted the standard effective January 1, 2022, and recognized and measured leases existing at the beginning of the period of adoption through a cumulative effect adjustment with certain practical expedients available.

**LAUNCH GLOBAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 103,026	\$ 103,026
Website development	32,500	14,219
Less accumulated depreciation and amortization	<u>(108,443)</u>	<u>(95,667)</u>
	<u>\$ 27,083</u>	<u>\$ 21,578</u>

**4. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Professional development	\$ 20,797	\$ 24,633
Donor development	16,996	19,046
International office and crisis relief	78,272	90,783
Multi-cultural diversity initiative	<u>18,246</u>	<u>30,493</u>
	<u>\$ 134,311</u>	<u>\$ 164,955</u>

The various purposes of the above donor-restricted amounts are as follows:

*Professional development* – Funds donated from one organization that are designated for the purpose of professional development.

*Donor development* – Funds donated from one donor for donor development purposes.

*International office and crisis relief* – Funds donated from various donors for the purpose of establishing an international office and local area crisis relief overseas.

*Multi-cultural diversity initiative* – Funds donated for the purpose of establishing a more culturally diverse staff.

Net assets with donor restrictions released from restrictions during the years ended December 31, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Donor development	\$ 2,050	\$ 5,000
Professional development	3,836	5,627
International office and crisis relief	12,511	1,521
Multi-cultural diversity initiative	<u>12,247</u>	<u>29,506</u>
	<u>\$ 30,644</u>	<u>\$ 41,654</u>

**LAUNCH GLOBAL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**5. LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects LG's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditure. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2023</u>	<u>2022</u>
Cash	\$ 4,618,109	\$ 5,713,461
Less: assets unavailable for general expenditures due to donor imposed purpose restrictions	<u>(134,311)</u>	<u>(164,955)</u>
Total financial assets available to management for general expenditure	<u>\$ 4,483,798</u>	<u>\$ 5,548,506</u>

LG obtains certain support from donor-restricted contributions. Because a donor's restriction requires resources to be used for a particular purpose, LG must maintain sufficient resources to meet those responsibilities of its donors.

**6. LEASES**

LG leases office space in Dallas, Texas. During 2023, LG renewed the lease for an additional three years, with the lease expiring in March 2026. Rental expense totaled \$35,770 and \$32,556 for the years ended December 31, 2023 and 2022, respectively.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

**Weighted Average Remaining Lease Term**

Operating lease 2.25 years

**Weighted Average Discount Rate**

Operating lease 4.76%

Future maturities of operating lease liability as of December 31, 2023, were as follows:

<b>December 31,</b>	
2024	\$ 39,149
2025	39,149
2026	<u>9,787</u>
	88,085
Less present value discount	<u>(4,704)</u>
Total lease liability	<u>\$ 83,381</u>