

CONSOLIDATED FINANCIAL STATEMENTS

GLOBALGIVING FOUNDATION, INC.

MANYFUTURES, INC.

FOR THE YEAR ENDED DECEMBER 31, 2009

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
GlobalGiving Foundation, Inc.
ManyFutures, Inc.
Washington, D.C.

We have audited the accompanying consolidated statement of financial position of the GlobalGiving Foundation, Inc. (the Foundation) and ManyFutures, Inc. (the Corporation) as of December 31, 2009, and the related consolidated statements of activities and change in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation and the Corporation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation and the Corporation as of December 31, 2009, and their consolidated change in net assets and their consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

April 9, 2010

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**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 4,148,968
Accounts receivable	599,511
Prepaid expenses and other assets	<u>28,502</u>

Total current assets 4,776,981

FIXED ASSETS

Fixed assets, net of accumulated depreciation and amortization of \$112,640 (Note 9)	<u>198,625</u>
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OTHER ASSETS

Note receivable (Note 2)	50,521
Deposit	<u>16,437</u>

Total other assets 66,958

TOTAL ASSETS \$ 5,042,564

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 162,284
Accrued payroll liabilities	59,611
Deposit	61,978
Refundable advances	<u>337,500</u>

Total current liabilities 621,373

NON-CURRENT LIABILITIES

Deferred rent (Note 8)	<u>60,373</u>
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Total liabilities 681,746

NET ASSETS

Unrestricted:	
Unrestricted	1,108,322
Non-controlling interest (Note 7)	<u>1,355</u>

Total unrestricted net assets 1,109,677

Temporarily restricted (Note 3)	<u>3,251,141</u>
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Total net assets 4,360,818

TOTAL LIABILITIES AND NET ASSETS \$ 5,042,564

See accompanying notes to consolidated financial statements.

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Grants	\$ 1,007,500	\$ 130,800	\$ 1,138,300
Project contributions	889,757	7,687,737	8,577,494
Professional services	427,379	-	427,379
Interest income	14,585	-	14,585
Contributed services and materials (Note 5)	152,547	-	152,547
Other revenue	227	-	227
Net assets released from donor restrictions (Note 4)	<u>6,377,681</u>	<u>(6,377,681)</u>	<u>-</u>
Total revenue	<u>8,869,676</u>	<u>1,440,856</u>	<u>10,310,532</u>
EXPENSES			
Project distributions	6,289,220	-	6,289,220
Salaries and benefits	2,402,374	-	2,402,374
Professional fees and services	1,021,644	-	1,021,644
General and administration	267,991	-	267,991
Legal and registration fees	274,977	-	274,977
Telephone	17,277	-	17,277
Travel	115,645	-	115,645
Rent (Note 8)	110,898	-	110,898
Office supplies, printing and reproduction	58,372	-	58,372
Depreciation and amortization	52,364	-	52,364
Insurance	8,911	-	8,911
Other	<u>171,019</u>	<u>-</u>	<u>171,019</u>
Total expenses	<u>10,790,692</u>	<u>-</u>	<u>10,790,692</u>
Change in net assets	(1,921,016)	1,440,856	(480,160)
Purchase of treasury stock	(199)	-	(199)
Net assets at beginning of year	<u>3,030,892</u>	<u>1,810,285</u>	<u>4,841,177</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,109,677</u>	<u>\$ 3,251,141</u>	<u>\$ 4,360,818</u>

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (480,160)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	52,364
Loss on disposal of fixed assets	9,189
Donated fixed assets	(15,745)
Accrued interest on loan	(521)
(Increase) decrease in:	
Accounts receivable	1,759,283
Prepaid expenses and other assets	(21,916)
Other receivable	20,000
Deposit	8,611
Increase (decrease) in:	
Accounts payable and accrued expenses	(43,794)
Accrued payroll liabilities	20,119
Deposit	(8,977)
Refundable advances	337,500
Deferred rent	<u>60,373</u>
Net cash provided by operating activities	<u>1,696,326</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(72,133)
Proceeds from sale of fixed assets	400
Loan made to entity	<u>(50,000)</u>
Net cash used by investing activities	<u>(121,733)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Purchase of treasury stock	<u>(199)</u>
Net cash used by financing activities	<u>(199)</u>
Net increase in cash and cash equivalents	1,574,394
Cash and cash equivalents at beginning of year	<u>2,574,574</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,148,968</u>

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

The GlobalGiving Foundation, Inc. (the Foundation) was organized to carry on charitable activities in developing countries that promote social and economical changes among poor and disadvantaged people and communities, and focus on, among other things, poverty alleviation, health, education, community development, promotion of the environment and sustainable energy. To achieve this result, the Foundation functions as a charitable not-for-profit, nonstock corporation which operates to support nonprofit organizations and others in the United States and foreign countries that directly conduct activities that support poverty alleviation, health, education, community development, promotion of the environment and sustainable energy. The Foundation has one class of voting members, which comprise the Board of Directors, consisting of five members. The affairs and management of the Foundation are under the control of the Board of Directors.

ManyFutures, Inc. (the Corporation), a majority owned subsidiary of the Foundation is a Delaware taxable for-profit corporation formed to provide website and consulting services relating to international philanthropy. Although the Corporation is inactive operationally, it holds the trademarks and a portion of the Intellectual Property that supports the Foundation's efforts to enable individuals and companies to find and support high-impact, grassroots social and economic development projects around the world. Donors may communicate with the social entrepreneurs who run these projects and receive reports from the field.

Effective December 31, 2008, the Foundation changed its legal year-end to correspond to the calendar. The Corporation's legal year end is March 31st and it is in the process of requesting a legal year-end change to December 31st. There is minimal activity in the Corporation. Therefore, the Consolidated Statement of Activities and Change in Net Assets is presented for a year ending December 31, 2009.

Recently issued accounting standards -

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Foundation and the Corporation have updated references to GAAP in their consolidated financial statements issued for the year ended December 31, 2009. The adoption of FASB ASC 105 did not impact the Foundation and the Corporation's consolidated financial position or results of operations.

Basis of presentation -

The accompanying consolidated financial statements are prepared on the accrual basis of accounting, which presents the financial position, activities and change in net assets and cash flows in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Basis of consolidation -

The accompanying consolidated financial statements reflect the activity of the Foundation and its majority owned subsidiary, the Corporation. All intercompany transactions have been eliminated during consolidation.

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents -

The Foundation and the Corporation consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, the Foundation and the Corporation maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Restricted cash and cash equivalents -

The Foundation receives website donations on behalf of over 1,200 pre-screened projects and makes remittances to those organizations on behalf of the donors. The terms of the website operator require these funds to be segregated from the Foundation's other funds. As of December 31, 2009, these funds totaled \$2,962,063.

Accounts receivable -

Accounts receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$600 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2009 totaled \$52,364.

Income taxes -

The Foundation -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. The Foundation is not a private foundation.

The Corporation -

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due, plus deferred taxes. Deferred income taxes are computed under the method as prescribed by the FASB ASC 740-10 and 740-30, *Income Taxes*. Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of the assets and liabilities to which they relate. Temporary differences result principally from the use of different depreciation methods and different accounting methods for recognizing bad debts.

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2009, the Foundation and the Corporation have documented their consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Net asset classification -

The net assets of the Foundation are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the donation is received. The donations or grants are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 Statement of Activities and Change in Net Assets as net assets released from restriction.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

Contributed services and materials -

Contributed services and materials consist of research and legal services and donated computers. Contributed services and materials are recorded at their fair market value as of the date of the gift.

Use of estimates -

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 reported amounts of 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.

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Risks and uncertainties

The Foundation depends primarily on donations and grants to carry on its charitable activities; consequently, any change in giving patterns would affect the Foundation's ability to fund its operations.

2. RELATED PARTY TRANSACTIONS

In July 2009, the Foundation loaned \$50,000 to a related organization. The annual interest rate is 2.5%. Interest is payable semi-annually in arrears on each June 30th and December 31st. The principal sum plus any unpaid interest is due June 30, 2014.

3. TEMPORARILY RESTRICTED NET ASSETS

The Foundation's temporarily restricted funds are mostly comprised of donations received that will be used to provide benefits to specific charitable projects and have not yet been distributed to the sponsoring organizations.

Temporarily restricted net assets consists of the following at December 31, 2009:

Program Restricted:	
Due to projects	\$ 3,203,584
Guarantee reserve	4,557
Fellowship	<u>18,000</u>
Total Program Restricted	3,226,141
Time Restricted	<u>25,000</u>
	<u>\$ 3,251,141</u>

4. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Program Restricted:	
Due to projects	\$ 6,289,881
Fellowship	<u>12,800</u>
Total Program Restricted	6,302,681
Passage of Time	<u>75,000</u>
	<u>\$ 6,377,681</u>

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

5. CONTRIBUTED SERVICES AND MATERIALS

During the year ended December 31, 2009, the Foundation was the beneficiary of donated goods and services totaling \$152,547 utilized for the operations of the Foundation. This included \$15,745 of capitalized donated computers. To properly reflect total management and general expenses, the following donations have been included in expenses for the year ended December 31, 2009:

Donated research	\$ 5,111
Donated legal services	<u>131,691</u>
	<u>\$ 136,802</u>

The following programs have benefited from these donated services:

Program Expense	\$ 29,369
Management and General	92,951
Fundraising	<u>14,482</u>
	<u>\$ 136,802</u>

6. INCOME TAXES

For the year ended December 31, 2009, the Corporation incurred net operating losses and, accordingly, no provision for income taxes has been recorded. In addition, no benefit for income taxes has been recorded due to the uncertainty of the realization of any tax assets. At December 31, 2009, the Corporation had approximately \$8,635,000 of net operating losses. The net operating loss carryforwards, if not utilized, will expire through December 31, 2025.

The components of the Corporation's deferred tax assets/liabilities are depreciation and amortization, charitable contributions carryforwards and net operating loss carryforwards using the Federal and state statutory rates.

For financial reporting purposes, the Corporation has incurred a loss for the year ended December 31, 2009. Based on the available objective evidence, the Corporation provided for a full valuation allowance against its net deferred tax assets. As of December 31, 2009, the valuation allowance is approximately \$2,022,000.

7. NON-CONTROLLING INTEREST

Non-controlling interest consists of a 1.15 percent capital interest of the Corporation as of December 31, 2009.

8. LEASE COMMITMENT

Through September 30, 2009, the Foundation continued leasing office space on a month-to-month basis, with a base rent of \$7,619 per month on its three-year lease that expired January 2009. In addition to the base rent, the Foundation is responsible for its proportionate share of expenses.

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

8. LEASE COMMITMENT (Continued)

Effective October 1, 2009, the Foundation leases office space under a seventy-six-month agreement, which originated in August 2009. Base rent is \$13,389 per month, plus a proportionate share of expenses, increasing by a factor of 4.5% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Consolidated Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

<u>Year Ended December 31,</u>	
2010	\$ 142,392
2011	169,787
2012	177,427
2013	185,412
2014	193,755
Thereafter	<u>219,910</u>
	<u>\$ 1,088,683</u>

Rent expense for the year ended December 31, 2009 totaled \$110,898. The deferred rent liability was \$60,373.

9. FIXED ASSETS

Fixed assets consists of the following for the year ended December 31, 2009:

Furniture, fixtures, and computers	\$ 204,347
Software	80,375
Leasehold improvements	<u>26,543</u>
	311,265
Less: Accumulated depreciation and amortization	<u>(112,640)</u>
FIXED ASSETS, NET	<u>\$ 198,625</u>

10. FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**GLOBALGIVING FOUNDATION, INC.
MANYFUTURES, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009**

10. FUNCTIONAL EXPENSES (Continued)

The expenses of the Foundation and the Corporation, on a functional basis, are as follows at December 31, 2009:

	<u>Program Expense</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Project distributions	\$ 6,289,220	\$ -	\$ -	\$ -	\$ 6,289,220
Salaries and benefits	1,425,173	360,398	616,803	977,201	2,402,374
Professional fees and services	614,678	166,940	240,026	406,966	1,021,644
General and administration	158,990	40,191	68,810	109,001	267,991
Legal and registration fees	163,135	41,239	70,603	111,842	274,977
Telephone	10,250	2,591	4,436	7,027	17,277
Travel	68,608	17,344	29,693	47,037	115,645
Rent	65,792	16,632	28,474	45,106	110,898
Office supplies, printing and reproduction	34,630	8,754	14,988	23,742	58,372
Depreciation and amortization	31,065	7,854	13,445	21,299	52,364
Insurance	5,287	1,336	2,288	3,624	8,911
Other	<u>101,460</u>	<u>25,648</u>	<u>43,911</u>	<u>69,559</u>	<u>171,019</u>
TOTAL EXPENSES	<u>\$ 8,968,288</u>	<u>\$ 688,927</u>	<u>\$ 1,133,477</u>	<u>\$ 1,822,404</u>	<u>\$10,790,692</u>
PERCENT	<u>83%</u>	<u>6%</u>	<u>11%</u>	<u>17%</u>	<u>100%</u>

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Foundation and the Corporation have evaluated events and transactions for potential recognition or disclosure through April 9, 2010, the date the financial statements were issued.