

CONSOLIDATED FINANCIAL STATEMENTS

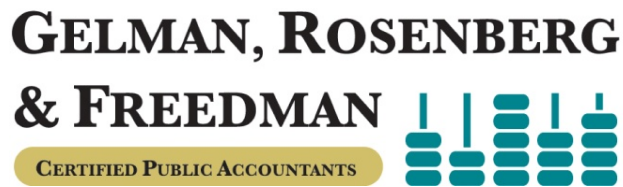
**GLOBALGIVING FOUNDATION, INC.
AND SUBSIDIARIES**

**FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED CONSOLIDATED FINANCIAL
INFORMATION FOR 2012**

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the GlobalGiving Foundation, Inc. and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2013, and the related consolidated statements of activities and change in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of GlobalGiving UK, a subsidiary, which statements reflect total assets of \$925,739 as of March 31, 2013 and total revenue of \$1,584,489 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for GlobalGiving UK, is based solely on the report of the other auditors. 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 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 auditor's 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.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

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Opinion

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the GlobalGiving Foundation, Inc. and Subsidiaries as of December 31, 2013, and the consolidated change in their net assets and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the GlobalGiving Foundation, Inc. and Subsidiaries' 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 4, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



December 4, 2014

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2013
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2012

ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,905,858	\$ 9,674,170
Accounts receivable	1,678,109	1,195,153
Grants receivable (Note 2)	800,000	-
Prepaid expenses and other assets	<u>115,902</u>	<u>84,077</u>
Total current assets	<u>11,499,869</u>	<u>10,953,400</u>
 FIXED ASSETS		
Fixed assets, net of accumulated depreciation and amortization of \$389,910 and \$302,401 for 2013 and 2012, respectively (Note 9)	<u>151,782</u>	<u>203,044</u>
 OTHER ASSETS		
Note receivable (Note 3)	50,625	50,625
Deposits	13,389	16,413
Other assets - Trademark (Note 13)	302,322	279,981
Grants receivable, net of current portion (Note 2)	<u>46,804</u>	<u>-</u>
Total other assets	<u>413,140</u>	<u>347,019</u>
TOTAL ASSETS	<u>\$ 12,064,791</u>	<u>\$ 11,503,463</u>

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 128,937	\$ 165,144
Accrued payroll liabilities	70,240	63,772
Income taxes payable	5,420	-
Deferred revenue	111,786	59,441
Deferred rent (Note 8)	21,858	13,514
Other current liabilities (Note 13)	<u>4,006</u>	<u>4,006</u>
Total current liabilities	<u>342,247</u>	<u>305,877</u>
NON-CURRENT LIABILITIES		
Deferred rent, net of current portion (Note 8)	<u>36,197</u>	<u>64,364</u>
Total liabilities	<u>378,444</u>	<u>370,241</u>
NET ASSETS		
Unrestricted	3,155,352	2,980,312
Temporarily restricted (Note 4)	<u>8,530,995</u>	<u>8,152,910</u>
Total net assets	<u>11,686,347</u>	<u>11,133,222</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,064,791</u>	<u>\$ 11,503,463</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2012**

	<u>2013</u>			<u>2012</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE				
Grants	\$ 559,201	\$ 1,703,604	\$ 2,262,805	\$ 2,810,705
Project contributions	2,298,521	21,572,605	23,871,126	19,100,824
Professional services	776,761	-	776,761	1,164,528
Interest income	8,812	-	8,812	9,829
Contributed services and materials (Note 6)	48,850	-	48,850	164,680
Other revenue	172,146	-	172,146	301,009
Net assets released from donor restrictions (Note 5)	<u>22,913,865</u>	<u>(22,913,865)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>26,778,156</u>	<u>362,344</u>	<u>27,140,500</u>	<u>23,551,575</u>
EXPENSES (Note 12)				
Project distributions	21,741,474	-	21,741,474	16,666,413
Salaries and benefits	3,206,236	-	3,206,236	2,945,152
Professional fees and services	625,124	-	625,124	313,081
General and administration	318,360	-	318,360	212,124
Legal and registration fees	128,823	-	128,823	290,278
Telephone	32,133	-	32,133	29,964
Travel	146,180	-	146,180	150,269
Rent (Note 8)	184,759	-	184,759	193,723
Office supplies, printing and reproduction	50,798	-	50,798	65,282
Depreciation and amortization	101,830	-	101,830	108,070
Insurance	15,878	-	15,878	12,071
Other	<u>43,140</u>	<u>-</u>	<u>43,140</u>	<u>98,860</u>
Total expenses	<u>26,594,735</u>	<u>-</u>	<u>26,594,735</u>	<u>21,085,287</u>
Change in net assets before other items	<u>183,421</u>	<u>362,344</u>	<u>545,765</u>	<u>2,466,288</u>
OTHER ITEMS				
Currency exchange rate gain (loss)	9,754	15,741	25,495	(25,014)
Income tax expense (Note 7)	<u>(18,135)</u>	<u>-</u>	<u>(18,135)</u>	<u>(28,847)</u>
Total other items	<u>(8,381)</u>	<u>15,741</u>	<u>7,360</u>	<u>(53,861)</u>
Change in net assets	175,040	378,085	553,125	2,412,427
Net assets at beginning of year, as restated	<u>2,980,312</u>	<u>8,152,910</u>	<u>11,133,222</u>	<u>8,720,795</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,155,352</u>	<u>\$ 8,530,995</u>	<u>\$ 11,686,347</u>	<u>\$ 11,133,222</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2012**

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 553,125	\$ 2,412,427
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	101,830	108,071
Loss on disposal of fixed assets	9,020	2,443
Transfer of MFI trademark	(22,341)	(279,981)
Change in discount	3,196	-
(Increase) decrease in:		
Accounts receivable	(482,956)	780,938
Grants receivable	(850,000)	-
Prepaid expenses and other assets	(31,825)	(42,614)
Deposits	3,024	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(36,207)	(5,498)
Accrued payroll liabilities	6,468	(27,301)
Income taxes payable	5,420	-
Deposits	-	(27,570)
Deferred revenue	52,345	(456,597)
Deferred rent	(19,823)	(8,391)
Other current liabilities	-	4,006
Net cash (used) provided by operating activities	<u>(708,724)</u>	<u>2,459,933</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(59,588)</u>	<u>(99,934)</u>
Net cash used by investing activities	<u>(59,588)</u>	<u>(99,934)</u>
Net (decrease) increase in cash and cash equivalents	(768,312)	2,359,999
Cash and cash equivalents at beginning of year	<u>9,674,170</u>	<u>7,314,171</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,905,858</u>	<u>\$ 9,674,170</u>
SUPPLEMENTAL INFORMATION		
Taxes Paid	<u>\$ 18,135</u>	<u>\$ 28,847</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

The GlobalGiving Foundation, Inc. (the Foundation) helps U.S. and non-U.S. based entities access philanthropic capital by making the connections between donors and implementers of charitable programs more efficient, more transparent, and therefore more likely. By providing a secure and transparent environment for giving, the Foundation simultaneously fosters social innovation by enabling new and unproven ideas to have a chance at success, and enables individuals and corporations to maximize their global philanthropy. The Foundation functions as a charitable not-for-profit, nonstock corporation and has one class of voting members, which comprise the Board of Directors, consisting of seven 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 was a Delaware taxable for-profit corporation formed to provide website and consulting services relating to international philanthropy. The Corporation has been inactive operationally since January 2009. During 2012, the Foundation dissolved the Corporation and transferred to GlobalGiving trademarks and Intellectual Property that support the Foundation's efforts to enable individuals and companies to find and support high-impact, grassroots social and economic development projects around the world.

GlobalGiving UK (GG UK) is a England and Wales registered charity under the English law and is limited by guarantee. GG UK's charitable objectives are to advance any purpose which is deemed to be exclusively charitable under English law. GG UK's principal activity is running the GlobalGiving.co.uk website, which enables individuals to support a range of charitable projects from all over the world, run by charities of all sizes based either overseas or in the UK. Donors to a specific project are automatically updated with the latest progress reports, therefore able to see the direct impact on the communities concerned. The Foundation is the sole company law member of GG UK, and as such it has the right to change GG UK's constitution (known as its Memorandum and Articles of Association) and to appoint and remove trustees of GG UK.

The year end for GG UK is March 31, 2014. Therefore, the Consolidated Statement of Activities and Change in Net Assets is presented for GG UK for the year ending March 31, 2014, which includes the activity for GG UK from April 1, 2013 to March 31, 2014.

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 958-810, *Not-for-Profit Entities, Consolidation*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the GlobalGiving Foundation, Inc. and Subsidiaries' consolidated financial statements for the year ended December 31, 2012, from which the summarized information was derived.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Basis of consolidation -

The accompanying consolidated financial statements reflect the activity of the GlobalGiving Foundation, Inc. and its majority owned subsidiaries, ManyFutures, Inc. and GlobalGiving UK. All intercompany transactions have been eliminated during consolidation.

Cash and cash equivalents -

The GlobalGiving Foundation, Inc. and Subsidiaries consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

The Foundation receives website donations on behalf of over 5,600 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, 2013, these funds totaled \$6,360,528.

The terms of a grant held by the Foundation require funds to be segregated from the Foundation's other funds. As of December 31, 2013, these funds totaled \$271,876.

At December 31, 2013, the Foundation had \$833,904 of cash and cash equivalents held at financial institutions in foreign countries. The majority of funds held in foreign countries are uninsured.

Accounts receivable -

Accounts receivable approximate fair value and are due within one year. 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 \$1,000 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, 2013 totaled \$101,830.

Income taxes -

The Foundation -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income as detailed in Note 7. The Foundation is not a private foundation.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

Income taxes (continued) -

The Corporation -

Income taxes are provided for the tax effects of transactions reported in the Corporation's financial statements and consist of taxes currently due, plus deferred taxes. Deferred income taxes are computed under the method as prescribed by 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 (Note 7).

GlobalGiving UK -

GG UK is exempt from United Kingdom income tax and corporation tax, provided that the money is used solely for charitable purposes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Uncertain tax positions -

For the year ended December 31, 2013, the GlobalGiving Foundation, Inc. and Subsidiaries have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets of the GlobalGiving Foundation, Inc. and Subsidiaries 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.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

Contributions and grants -

Unconditional promises to give cash and other assets to the GlobalGiving Foundation, Inc. and Subsidiaries are reported at their fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at their fair value at the date the donation is received.

The donations or grants are reported as temporarily 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 deferred revenue.

Foreign currency translation -

The U.S. Dollar (dollars) is the functional currency for the Foundation's worldwide operations. Transactions in currencies other than U.S. dollars are translated into dollars. Current assets and liabilities denominated in non-U.S. currency are translated into dollars at the exchange rate in effect at the date of the Consolidated Statement of Financial Position.

Contributed services and materials -

Contributed services and materials consist primarily of legal services. 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.

Risks and uncertainties -

The GlobalGiving Foundation, Inc. and Subsidiaries depend primarily on donations and grants to carry on their charitable activities; consequently, any change in giving patterns would affect the GlobalGiving Foundation, Inc. and Subsidiaries' ability to fund their operations.

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. Net assets at December 31, 2011 and 2012, have been reclassified from temporarily restricted to unrestricted to properly account for certain in-kind services originally recorded as restricted. These reclassifications had no effect on the previously reported changes in net assets.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

2. GRANTS RECEIVABLE

As of December 31, 2013, contributors to the Foundation have made written promises to give totaling \$850,000. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3.50%.

Grants are due as follows at December 31, 2013:

Less than one year	\$ 800,000
One to five years	<u>50,000</u>
Total	850,000
Less: Discount to net present value	<u>(3,196)</u>
GRANTS RECEIVABLE	<u>\$ 846,804</u>

3. NOTE RECEIVABLE

In July 2009, the Foundation loaned \$50,000 to an 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. Interest received under the terms of this loan for the year ended December 31, 2013 totaled \$1,250. The principal on note receivable has been repaid, in full, subsequent to year end.

4. TEMPORARILY RESTRICTED NET ASSETS

The GlobalGiving Foundation, Inc. and Subsidiaries' 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 consisted of the following at December 31, 2013:

Program Restricted:	
Foundation projects	\$ 7,947,567
Guarantee reserve	4,467
GG UK projects	<u>578,961</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 8,530,995</u>

5. 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:	
Foundation project distributions	\$ 21,841,225
GG UK projects	<u>1,072,640</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 22,913,865</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013**

6. CONTRIBUTED SERVICES AND MATERIALS

During the year ended December 31, 2013, the GlobalGiving Foundation, Inc. and Subsidiaries were the beneficiary of donated services and software totaling \$48,850, utilized for the operations of the GlobalGiving Foundation, Inc. and Subsidiaries. Contributed services and materials for the year ended December 31, 2013 were as follows:

Donated legal services	\$ 42,035
Other donations	<u>6,815</u>
TOTAL CONTRIBUTED SERVICES AND MATERIALS	<u>\$ 48,850</u>

The following programs have benefited from these donated services:

Program Expense	\$ 44,405
Management and General	4,201
Fundraising	<u>244</u>
TOTAL	<u>\$ 48,850</u>

7. INCOME TAXES

For the year ended December 31, 2013, the Foundation derived income from certain activities for which it has provisionally accrued unrelated business income taxes totaling \$18,135. The Federal and state income taxes for the year ended December 31, 2013 were \$1,847 and \$1,289, respectively.

For the year ended December 31, 2013, the Corporation had no taxable income and, accordingly, no provision for income taxes has been recorded. The Corporation was formally dissolved during 2012 and a final tax return has been filed.

8. LEASE COMMITMENT

Effective October 1, 2009, the Foundation leased 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.

Subsequent to year end, the Foundation entered into a lease agreement for new office space. The lease commenced on August 1, 2014 and terminates on July 31, 2024. Base rent is \$26,971 per month with annual set escalations, plus a proportionate share of expenses.

Additionally, the Foundation entered into an agreement to sub-lease the old office space with terms commencing on August 1, 2014 and terminating on January 15, 2016. The base rent for the sub-lease is \$8,926 with an annual escalation effective August 1, 2015.

Effective March 2011, GG UK leased office space under a five-year agreement terminating June 2016 and cancelable with a three-month written notice. Base rent is \$30,302 per annum, plus a proportionate share of expenses, increasing at the landlord's discretion.

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.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013**

8. LEASE COMMITMENT (Continued)

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

<u>Year Ending December 31,</u>	<u>Rental Payments</u>	<u>Rental Income</u>	<u>Net</u>
2014	\$ 305,707	\$ (44,630)	\$ 261,077
2015	560,539	(109,120)	451,419
2016	368,162	(4,664)	363,498
2017	343,597	-	343,597
2018	352,199	-	352,199
Thereafter	<u>2,160,416</u>	<u>-</u>	<u>2,160,416</u>
	<u>\$ 4,090,620</u>	<u>\$ (158,414)</u>	<u>\$ 3,932,206</u>

Rent expense for the year ended December 31, 2013 totaled \$184,759. The deferred rent liability was \$58,055.

9. FIXED ASSETS

Fixed assets consisted of the following for the year ended December 31, 2013:

Furniture, fixtures, and computers	\$ 337,691
Software	171,164
Leasehold improvements	<u>32,837</u>
	541,692
Less: Accumulated depreciation and amortization	<u>(389,910)</u>
FIXED ASSETS, NET	<u>\$ 151,782</u>

10. OTHER FINANCIAL COMMITMENTS

GG UK is obligated to make payments to Venturesome, based on a percentage between 0.83% and 5% of income. This is part of the Revenue Participation Right that Venturesome has purchased. These payments vary and depend on GG UK's success, and so have not been valued or included in the accompanying consolidated financial statements.

11. LINE OF CREDIT

The Foundation has a \$400,000 bank line of credit. Amounts borrowed under this agreement bear interest based upon the index and the margin described in the financing agreement (3.5% at December 31, 2013). As of December 31, 2013, there was no outstanding balance on the line of credit. The line is secured by cash held in accounts at the same financial institution.

12. 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. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013**

12. FUNCTIONAL EXPENSES (Continued)

The expenses of the GlobalGiving Foundation, Inc. and Subsidiaries, on a functional basis, are as follows at December 31, 2013:

	<u>Supporting Services</u>				
	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total Expenses</u>
Project distributions	\$21,741,474	\$ -	\$ -	\$ -	\$21,741,474
Salaries and benefits	2,565,725	620,318	20,193	640,511	3,206,236
Professional fees and services	596,773	26,795	1,556	28,351	625,124
General and administration	289,421	27,351	1,588	28,939	318,360
Legal and registration fees	117,087	11,092	644	11,736	128,823
Telephone	29,205	2,767	161	2,928	32,133
Travel	137,776	7,943	461	8,404	146,180
Rent	167,927	15,908	924	16,832	184,759
Office supplies, printing and reproduction	46,517	4,046	235	4,281	50,798
Depreciation and amortization	92,553	8,768	509	9,277	101,830
Insurance	14,432	1,367	79	1,446	15,878
Other	<u>39,677</u>	<u>3,273</u>	<u>190</u>	<u>3,463</u>	<u>43,140</u>
TOTAL EXPENSES	<u>\$25,838,567</u>	<u>\$ 729,628</u>	<u>\$ 26,540</u>	<u>\$ 756,168</u>	<u>\$26,594,735</u>
PERCENT	<u>97.2%</u>	<u>2.7%</u>	<u>0.1%</u>	<u>2.8%</u>	<u>100%</u>

13. MANYFUTURES, INC. DISSOLUTION

During 2012, ManyFutures, Inc. (the Corporation) was formally dissolved. All remaining assets and liabilities, including the value of the trademark, were transferred to the Foundation as of December 29, 2012. The value of the trademark is included in other assets in the accompanying Consolidated Statement of Financial Position. The value of the trademark will be evaluated and revalued on an annual basis. There are no adverse events that would indicate its carrying amount would not be recoverable.

As a result of the dissolution, the Foundation has recorded a liability in the amount of \$4,006 for one remaining shareholder that held an interest in the Corporation.

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the GlobalGiving Foundation, Inc. and Subsidiaries have evaluated events and transactions for potential recognition or disclosure through December 4, 2014, the date the consolidated financial statements were issued.