

**CONSOLIDATED FINANCIAL STATEMENTS**

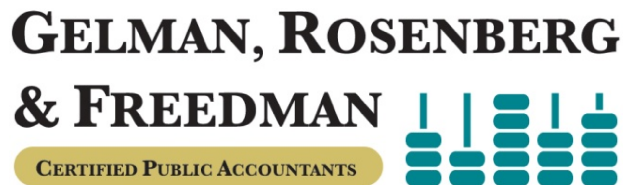
**GLOBALGIVING FOUNDATION, INC.  
AND SUBSIDIARY**

**FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED CONSOLIDATED  
FINANCIAL INFORMATION FOR 2015**

**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the GlobalGiving Foundation, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2016, 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 \$1,550,059 as of December 31, 2016 and total revenue of \$3,008,875 for the nine month period April 1, 2016 to December 31, 2016. 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## 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 Subsidiary as of December 31, 2016, 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 Subsidiary's 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 22, 2017. The financial activity of GlobalGiving UK included in those financial statements was audited by other auditors, whose report dated December 16, 2016 was furnished to us, and our opinion, insofar as it related to the amounts included for GlobalGiving UK, was based solely on the report of the other auditors. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



November 7, 2017

**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**  
**WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 15,535,769	\$ 14,634,125
Accounts receivable	1,997,192	1,760,708
Pledges and grants receivable	541,534	750,000
Prepaid expenses and other assets	<u>93,864</u>	<u>120,473</u>
Total current assets	<u>18,168,359</u>	<u>17,265,306</u>
<b>FIXED ASSETS</b>		
Fixed assets, net of accumulated depreciation and amortization of \$791,887 and \$690,047 for 2016 and 2015, respectively	<u>667,603</u>	<u>843,714</u>
<b>OTHER ASSETS</b>		
Deposits	-	13,389
Other assets - Trademark	<u>311,487</u>	<u>311,487</u>
Total other assets	<u>311,487</u>	<u>324,876</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,147,449</u></b>	<b><u>\$ 18,433,896</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Loan payable	\$ 80,000	\$ -
Accounts payable and accrued expenses	145,355	146,704
Accrued payroll liabilities	306,250	84,146
Deferred revenue	1,821	10,000
Deferred rent	67,540	62,260
Other current liabilities	<u>4,006</u>	<u>4,006</u>
Total current liabilities	<u>604,972</u>	<u>307,116</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred rent, net of current portion	692,290	770,040
Loan payable	<u>400,000</u>	<u>-</u>
Total non-current liabilities	<u>1,092,290</u>	<u>770,040</u>
Total liabilities	<u>1,697,262</u>	<u>1,077,156</u>
<b>NET ASSETS</b>		
Unrestricted	2,081,172	3,590,042
Temporarily restricted	<u>15,369,015</u>	<u>13,766,698</u>
Total net assets	<u>17,450,187</u>	<u>17,356,740</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 19,147,449</u></b>	<b><u>\$ 18,433,896</u></b>

See accompanying notes to consolidated financial statements.

## GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants	\$ 432,951	\$ 915,340	\$ 1,348,291	\$ 2,487,695
Project contributions	2,811,697	38,507,600	41,319,297	43,812,140
Professional services	1,388,035	-	1,388,035	1,574,249
Interest income	1,186	-	1,186	1,825
Contributed services	13,522	-	13,522	236,094
Other revenue	69,437	-	69,437	153,756
Rental income	8,678	-	8,678	108,988
Net assets released from donor restrictions	<u>37,669,600</u>	<u>(37,669,600)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>42,395,106</u>	<u>1,753,340</u>	<u>44,148,446</u>	<u>48,374,747</u>
<b>EXPENSES</b>				
Project Distributions	36,186,926	-	36,186,926	41,516,868
Salaries and Benefits	5,235,036	-	5,235,036	4,321,567
Professional Fees and Services	541,621	-	541,621	695,762
Systems and Communications	361,822	-	361,822	245,912
Legal and Registration Fees	168,584	-	168,584	186,779
Field Services	30,902	-	30,902	55,983
Travel	185,827	-	185,827	143,021
Rent	340,055	-	340,055	485,089
Supplies, Printing and Reproduction	88,862	-	88,862	81,546
Depreciation and Amortization	218,823	-	218,823	213,197
Insurance	29,380	-	29,380	23,418
Subscriptions and Publications	47,922	-	47,922	59,610
Meetings and Conventions	140,053	-	140,053	95,472
Loss on disposal of fixed assets	2,710	-	2,710	-
Impairment	-	-	-	1,337
Other	<u>282,370</u>	<u>-</u>	<u>282,370</u>	<u>151,768</u>
Total expenses	<u>43,860,893</u>	<u>-</u>	<u>43,860,893</u>	<u>48,277,329</u>
Change in net assets before other items	<u>(1,465,787)</u>	<u>1,753,340</u>	<u>287,553</u>	<u>97,418</u>
<b>OTHER ITEMS</b>				
Currency exchange rate loss	(43,083)	(151,023)	(194,106)	(48,804)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(549)</u>
Total other items	<u>(43,083)</u>	<u>(151,023)</u>	<u>(194,106)</u>	<u>(49,353)</u>
Change in net assets	(1,508,870)	1,602,317	93,447	48,065
Net assets at beginning of year	<u>3,590,042</u>	<u>13,766,698</u>	<u>17,356,740</u>	<u>17,308,675</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 2,081,172</u></b>	<b><u>\$ 15,369,015</u></b>	<b><u>\$ 17,450,187</u></b>	<b><u>\$ 17,356,740</u></b>

## GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 93,447	\$ 48,065
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	218,823	213,197
Loss on disposal of fixed assets	2,710	-
(Increase) decrease in:		
Accounts receivable	(236,484)	1,934,533
Pledges and grants receivable	208,466	66,000
Prepaid expenses and other assets	26,609	(42,897)
Deposits	13,389	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,349)	(93,735)
Accrued payroll liabilities	222,104	9,579
Deferred revenue	(8,179)	(202,931)
Deferred rent	<u>(72,470)</u>	<u>(75,093)</u>
Net cash provided by operating activities	<u>467,066</u>	<u>1,856,718</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(45,422)</u>	<u>(140,149)</u>
Net cash used by investing activities	<u>(45,422)</u>	<u>(140,149)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	<u>480,000</u>	<u>-</u>
Net cash provided by financing activities	<u>480,000</u>	<u>-</u>
Net increase in cash and cash equivalents	901,644	1,716,569
Cash and cash equivalents at beginning of year	<u>14,634,125</u>	<u>12,917,556</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 15,535,769</u></b>	<b><u>\$ 14,634,125</u></b>
<b>SUPPLEMENTAL INFORMATION</b>		
Taxes Paid	<u>\$ -</u>	<u>\$ 549</u>

**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, non-stock 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.

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.

During the current period under audit, GG UK changed their fiscal year-end from March 31 to December 31. Therefore, the Consolidated Statement of Activities and Change in Net Assets is presented for GG UK for the period April 1, 2016 to December 31, 2016.

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 Subsidiary's consolidated financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Basis of consolidation -

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

Cash and cash equivalents -

The GlobalGiving Foundation, Inc. and Subsidiary 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.



**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

Cash and cash equivalents (continued) -

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, 2016, these funds totaled \$11,234,505.

The terms of a grant held by the Foundation require funds to be segregated from the Foundation's other funds. As of December 31, 2016, these funds totaled \$228,325.

At December 31, 2016, the Foundation had \$1,466,386 of cash and cash equivalents held at financial institutions in foreign countries. The majority of funds held in foreign countries is uninsured.

Accounts, grants, and pledges receivable -

Accounts receivable and pledges 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.

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.

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 the life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2016 totaled \$218,823.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Consolidated Statement of Activities and Change in Net Assets, to its current fair value.

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.

*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.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016

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

Uncertain tax positions -

For the year ended December 31, 2016, the GlobalGiving Foundation, Inc. and Subsidiary 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.

Net asset classification -

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

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 -

Contributed services consist primarily of legal services. Contributed services 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. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2016

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

##### Risks and uncertainties -

The GlobalGiving Foundation, Inc. and Subsidiary 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 Subsidiary's ability to fund their operations.

##### New accounting pronouncements not yet adopted -

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Consolidated Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Foundation's consolidated financial statements, it is not expected to alter the Foundation's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. The Foundation has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Foundation plans to adopt the new ASUs at the required implementation date.

#### 2. LOAN PAYABLE

During 2016, the Foundation borrowed a total of \$480,000 from the David and Lucille Packard Foundation. The annual interest rate is 1.0%. The Foundation will begin paying back the interest and principal in October 2017 and will make payments of \$80,000 every 6 months until the loan matures April 30, 2020. The Foundation is subject to certain loan covenants specified in the loan agreement throughout the life of the loan.

The balance on the loan principle for the year ending December 31, 2016 is \$480,000.

**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**2. LOAN PAYABLE (Continued)**

The Foundation plans to pay down the principal in accordance with the following schedule:

<u>Year ended December 31,</u>	<u>Principal Payment</u>
2017	\$ 80,000
2018	160,000
2019	160,000
2020	<u>80,000</u>
<b>TOTAL</b>	<b><u>\$ 480,000</u></b>

**3. TEMPORARILY RESTRICTED NET ASSETS**

The GlobalGiving Foundation, Inc. and Subsidiary'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 consisted of the following at December 31, 2016:

Program Restricted:	
Foundation projects	\$ 14,108,639
Guarantee reserve	4,467
GG UK projects	<u>1,255,909</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 15,369,015</u></b>

**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:	
Foundation project distributions	\$ 35,225,192
GG UK projects	<u>2,444,408</u>
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 37,669,600</u></b>

**5. CONTRIBUTED SERVICES**

During the year ended December 31, 2016, the GlobalGiving Foundation, Inc. and Subsidiary were the beneficiary of donated services totaling \$13,522, utilized for the operations of the GlobalGiving Foundation, Inc. and Subsidiary.

Contributed services for the year ended December 31, 2016 were as follows:

<b>Donated Legal Services</b>	<b><u>\$ 13,522</u></b>
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**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**5. CONTRIBUTED SERVICES (Continued)**

The following programs have benefited from these donated services:

<b>Management and General</b>	<b>\$ <u>13,522</u></b>
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**6. COMMITMENTS**

Outsourced Services -

The Foundation contracts with Insperity as a full-service, outsourced human resources provider for the Foundation. The agreement will remain in effect until terminated. Either party may cancel this Agreement at any time by giving the other party thirty (30) days prior written notice.

**7. RETIREMENT PLAN**

The Foundation established the GlobalGiving Foundation, Inc. 401(k) Plan for the exclusive benefit of all eligible employees and their beneficiaries. To be eligible to make a salary deferral contribution and to receive a matching contribution, an employee must have completed a minimum of three months of service with 160 hours in each month. Each year, at the Foundation's discretion, a match may be a discretionary percentage allocated proportionate to an employee salary deferrals, flat dollar amount, or tiered formula, as the Foundation elects each year. The safe harbor contribution will be a match of 100% of the first 3% of salary deferral plus 50% of the next 2% of salary deferral. The total safe harbor match for the year ended December 31, 2016 was \$131,717.

Additionally, the Foundation, at its discretion, may make a profit sharing contribution to the plan. To be eligible to receive an allocation of the discretionary employer profit sharing contributions an employee must complete 1,000 hours of service during the plan year and be employed the last day of the plan year. The Foundation did not make a profit sharing contribution for the year ended December 31, 2016.

**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. This lease expired on January 15, 2016 and was not renewed.

In 2014, 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. The sub-lease was terminated on January 15, 2016 and was not renewed.

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 £18,954 per annum, plus a proportionate share of expenses, increasing at the landlord's discretion.

**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**8. LEASE COMMITMENT (Continued)**

During 2016, GG UK signed a new lease with contractual terms commencing on April 24, 2016 and terminating on April 23, 2019. The lease has a base rent of £13,800 per annum, plus a proportionate share of service charges, taxes, and utilities. The base amount will be reviewed on an annual basis and adjusted based on the current RPI at the time of review.

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 Ending December 31,</u>	<u>Rental Payments</u>
2017	\$ 363,426
2018	372,028
2019	369,761
2020	375,230
2021	384,605
Thereafter	<u>1,037,429</u>
	<b><u>\$ 2,902,479</u></b>

Rent expense for the year ended December 31, 2016 totaled \$340,055. The deferred rent liability was \$759,830.

**9. FIXED ASSETS**

Fixed assets consisted of the following for the year ended December 31, 2016:

Furniture, fixtures and computers	\$ 703,293
Software	167,042
Leasehold improvements	<u>589,155</u>
	1,459,490
Less: Accumulated depreciation and amortization	<u>(791,887)</u>
<b>FIXED ASSETS, NET</b>	<b><u>\$ 667,603</u></b>

**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 a liability for future payments has not been valued or included in the accompanying consolidated financial statements.

**GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**11. LINE OF CREDIT**

The Foundation has a \$750,000 bank line of credit. Amounts borrowed under this agreement bear interest based upon the index and the margin described in the financing agreement (3.75% at December 31, 2016). As of December 31, 2016, 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.

The expenses of the GlobalGiving Foundation, Inc. and Subsidiary, on a functional basis, are as follows at December 31, 2016:

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Project Distributions	\$ 36,186,926	\$ -	\$ -	\$ -	\$ 36,186,926
Salaries and Benefits	4,096,980	889,316	248,740	1,138,056	5,235,036
Professional Fees and Services	513,424	18,033	10,164	28,197	541,621
Systems and Communications	338,641	14,825	8,356	23,181	361,822
Legal and Registration Fees	159,751	5,649	3,184	8,833	168,584
Field Services	28,970	1,236	696	1,932	30,902
Travel	177,240	5,492	3,095	8,587	185,827
Rent	310,810	18,703	10,542	29,245	340,055
Supplies, Printing and Reproduction	84,360	2,879	1,623	4,502	88,862
Depreciation and Amortization	200,004	12,035	6,784	18,819	218,823
Insurance	26,852	1,617	911	2,528	29,380
Subscriptions and Publications	44,022	2,494	1,406	3,900	47,922
Meetings and Conventions	128,895	7,136	4,022	11,158	140,053
Loss on disposal of fixed assets	2,477	149	84	233	2,710
Other	<u>261,555</u>	<u>13,312</u>	<u>7,503</u>	<u>20,815</u>	<u>282,370</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 42,560,907</u></b>	<b><u>\$ 992,876</u></b>	<b><u>\$ 307,110</u></b>	<b><u>\$ 1,299,986</u></b>	<b><u>\$ 43,860,893</u></b>
<b>PERCENT</b>	<b><u>97 %</u></b>	<b><u>2.3 %</u></b>	<b><u>.7 %</u></b>	<b><u>3.0%</u></b>	<b><u>100%</u></b>

**13. SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, the GlobalGiving Foundation, Inc. and Subsidiary have evaluated events and transactions for potential recognition or disclosure through November 7, 2017, the date the consolidated financial statements were issued.

On October 27, 2017 GlobalGiving Foundation, Inc. and Subsidiary paid down the entire principal and interest balance of \$487,145 on the loan from the David and Lucille Packard Foundation.