

# **FINANCIAL STATEMENTS**



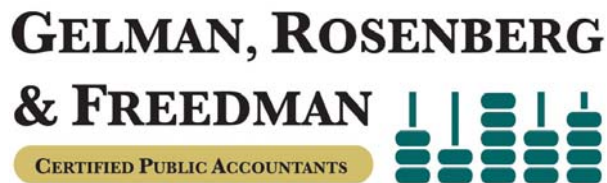
**I M A G O**  
GLOBAL GRASSROOTS

**FOR THE YEAR ENDED DECEMBER 31, 2016**

# IMAGO GLOBAL GRASSROOTS

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
IMAGO Global Grassroots  
Washington, D.C.

We have audited the accompanying financial statements of IMAGO Global Grassroots (IMAGO), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IMAGO as of December 31, 2016, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

April 13, 2018

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**IMAGO GLOBAL GRASSROOTS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 293,731
Accounts receivable	31,943
Prepaid expenses	1,659
	327,333
Total current assets	327,333

**FIXED ASSETS**

Computer equipment and website development	6,493
Less: Accumulated depreciation and amortization	(1,544)
	4,949
Net fixed assets	4,949
<b>TOTAL ASSETS</b>	<b>\$ 332,282</b>

**LIABILITES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 1,533
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**NET ASSETS**

Unrestricted	330,749
	330,749
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 332,282</b>

## IMAGO GLOBAL GRASSROOTS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>
<b>REVENUE AND SUPPORT</b>	
Fee for services	\$ 124,694
Contributions	93,491
Contract	<u>152,912</u>
Total revenue	<u>371,097</u>
<b>EXPENSES</b>	
Program Services	<u>119,836</u>
Supporting Services:	
General and Administrative	10,943
Development	13,947
Fundraising	<u>902</u>
Total supporting expenses	<u>25,792</u>
Total expenses	<u>145,628</u>
Change in net assets	225,469
Net assets at beginning of year	<u>105,280</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u><u>\$ 330,749</u></u></b>

## IMAGO GLOBAL GRASSROOTS

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Supporting Services				Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Development	Fundraising		
Travel and meetings	\$ 52,055	\$ 2,686	\$ 12,404	\$ 897	\$ 15,987	\$ 68,042
Professional fees	-	1,881	33	-	1,914	1,914
Subcontractors	49,453	14,983	-	-	14,983	64,436
Depreciation and amortization	-	1,544	-	-	1,544	1,544
Occupancy	-	6,579	-	-	6,579	6,579
Supplies, materials and hardware	-	1,841	-	-	1,841	1,841
Web and IT support	-	559	-	-	559	559
Other expenses	-	713	-	-	713	713
General and administrative allocation	18,328	(19,843)	1,510	5	(18,328)	-
<b>TOTAL</b>	<b>\$ 119,836</b>	<b>\$ 10,943</b>	<b>\$ 13,947</b>	<b>\$ 902</b>	<b>\$ 25,792</b>	<b>\$ 145,628</b>

**IMAGO GLOBAL GRASSROOTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 225,469
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,544
Increase in:	
Accounts receivable	(24,434)
Prepaid expenses	(1,659)
Decrease in:	
Accounts payable and accrued expenses	<u>(3,424)</u>
Net cash provided by operating activities	<u>197,496</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of fixed assets	<u>(4,421)</u>
Net cash used by investing activities	<u>(4,421)</u>
Net increase in cash and cash equivalents	193,075
Cash and cash equivalents at beginning of year	<u>100,656</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 293,731</u></u></b>

**IMAGO GLOBAL GRASSROOTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**THROUGH DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

IMAGO Global Grassroots (IMAGO) is a non-profit organization, incorporated in the District of Columbia and located in Washington, D.C. IMAGO is committed to working with grassroots organizations and their members to transform poverty into dignity and material well-being. IMAGO works around the world with existing organizations to enhance their strengths, build their capacity, and scale up their impact in a way that respects their unique context, attributes and evolution.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

IMAGO considers 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, IMAGO maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Accounts receivable -

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

Fixed assets -

Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three years. The cost of maintenance and repairs is recorded as expenses are incurred. Website development costs are amortized over three years once placed in service.

Depreciation and amortization expense for the year ended December 31, 2016 totaled \$1,544.

Income taxes -

IMAGO 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 financial statements. IMAGO is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2016, IMAGO has documented its 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 financial statements.

**IMAGO GLOBAL GRASSROOTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**THROUGH DECEMBER 31, 2016**

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

Net asset classification -

Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of IMAGO and include both internally designated and undesignated resources.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Contracts -

IMAGO receives contracts from funding agencies for direct or indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such contracts are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the contract agreements.

Fee for services -

IMAGO receives funds under fee for service contracts and pass-through agreements. Revenue under fee for services is recognized based on the work performed in correlation to the deliverables of the agreements. Any additional funds received beyond the cost to perform the work is considered unrestricted income.

Use of estimates -

The preparation of the 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

**IMAGO GLOBAL GRASSROOTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**THROUGH DECEMBER 31, 2016**

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

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 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 IMAGO's financial statements, it is not expected to alter IMAGO'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. IMAGO 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 Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

IMAGO plans to adopt the new ASUs at the required implementation date.

**2. OCCUPANCY**

IMAGO leases office space in Washington, D.C. under a month-to-month agreement. Base rent varies depending on the number of offices/desks rented. Additionally, the lease may be terminated with 30 days notice. Occupancy expense for the year ended December 31, 2016 totaled \$6,579.

**3. SUBSEQUENT EVENTS**

In preparing these financial statements, IMAGO has evaluated events and transactions for potential recognition or disclosure through April 13, 2018, the date the financial statements were issued.