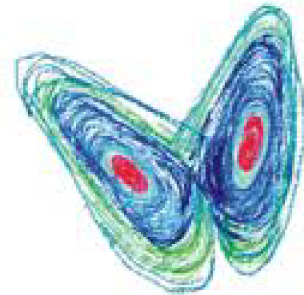


FINANCIAL STATEMENTS



I M A G O
GLOBAL GRASSROOTS

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 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 statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

IMAGO GLOBAL GRASSROOTS
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and equivalents	\$ 205,392	\$ 293,731
Accounts receivable	-	31,943
Prepaid expenses	<u>-</u>	<u>1,659</u>
Total current assets	<u>205,392</u>	<u>327,333</u>
FIXED ASSETS		
Computer equipment	3,896	3,243
Website development	<u>3,250</u>	<u>3,250</u>
	7,146	6,493
Less: Accumulated depreciation and amortization	<u>(3,580)</u>	<u>(1,544)</u>
Net fixed assets	<u>3,566</u>	<u>4,949</u>
TOTAL ASSETS	<u>\$ 208,958</u>	<u>\$ 332,282</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>15,697</u>	\$ <u>1,533</u>
NET ASSETS		
Unrestricted	<u>193,261</u>	<u>330,749</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 208,958</u>	<u>\$ 332,282</u>

IMAGO GLOBAL GRASSROOTS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>Unrestricted</u>	
	<u>2017</u>	<u>2016</u>
REVENUE AND SUPPORT		
Fee for services	\$ 60,161	\$ 124,694
Contributions	50,850	93,491
Contract	<u>-</u>	<u>152,912</u>
Total revenue and support	<u>111,011</u>	<u>371,097</u>
EXPENSES		
Program Services	<u>158,742</u>	<u>119,836</u>
Supporting Services:		
General and Administrative	11,225	10,943
Development	53,289	13,947
Fundraising	<u>25,243</u>	<u>902</u>
Total supporting services	<u>89,757</u>	<u>25,792</u>
Total expenses	<u>248,499</u>	<u>145,628</u>
Changes in net assets	(137,488)	225,469
Net assets at beginning of year	<u>330,749</u>	<u>105,280</u>
NET ASSETS AT END OF YEAR	<u>\$ 193,261</u>	<u>\$ 330,749</u>

IMAGO GLOBAL GRASSROOTS

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Supporting Services				Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Development	Fundraising		
Travel and meetings	\$ 22,911	\$ 4,504	\$ 15,614	\$ 1,227	\$ 21,345	\$ 44,256
Professional fees	330	4,212	-	731	4,943	5,273
Subcontractors	21,639	131,319	-	19,765	151,084	172,723
Depreciation and amortization	-	2,036	-	-	2,036	2,036
Occupancy	-	15,859	-	-	15,859	15,859
Supplies, materials and hardware	383	3,040	-	-	3,040	3,423
Web and IT support	-	976	-	-	976	976
Other expenses	1,251	2,701	-	1	2,702	3,953
General and administrative allocation	112,228	(153,422)	37,675	3,519	(112,228)	-
TOTAL	\$ 158,742	\$ 11,225	\$ 53,289	\$ 25,243	\$ 89,757	\$ 248,499

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)	-
TOTAL	\$ 119,836	\$ 10,943	\$ 13,947	\$ 902	\$ 25,792	\$ 145,628

IMAGO GLOBAL GRASSROOTS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (137,488)	\$ 225,469
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	2,036	1,544
Decrease (increase) in:		
Accounts receivable	31,943	(24,434)
Prepaid expenses	1,659	(1,659)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>14,164</u>	<u>(3,424)</u>
Net cash (used) provided by operating activities	<u>(87,686)</u>	<u>197,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(653)</u>	<u>(4,421)</u>
Net cash used by investing activities	<u>(653)</u>	<u>(4,421)</u>
Net (decrease) increase in cash and cash equivalents	(88,339)	193,075
Cash and cash equivalents at beginning of year	<u>293,731</u>	<u>100,656</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 205,392</u>	<u>\$ 293,731</u>

IMAGO GLOBAL GRASSROOTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 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 years ended December 31, 2017 and 2016 totaled \$2,036 and \$1,544, respectively.

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.

IMAGO GLOBAL GRASSROOTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Uncertain tax positions -

For the years ended December 31, 2017 and 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.

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.

IMAGO GLOBAL GRASSROOTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Functional allocation of expenses -

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

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 Statements of Activities and Changes 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 Statements 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 years ended December 31, 2017 and 2016 totaled \$15,859 and \$6,579, respectively.

IMAGO GLOBAL GRASSROOTS

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

3. SUBSEQUENT EVENTS

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