

## **FINANCIAL STATEMENTS**



**I M A G O**  
GLOBAL GRASSROOTS

**FOR THE YEAR ENDED DECEMBER 31, 2018**

# 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, 2018, 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, 2018, 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.

*Gelman Rosenberg & Freedman*

March 15, 2019

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**IMAGO GLOBAL GRASSROOTS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 167,648
Accounts receivable	<u>2,854</u>
Total current assets	<u>170,502</u>

**FIXED ASSETS**

Computer equipment	4,290
Website development	<u>3,250</u>
	7,540
Less: Accumulated depreciation and amortization	<u>(5,456)</u>
Net fixed assets	<u>2,084</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 172,586</u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ <u>3,430</u>
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**NET ASSETS**

Without donor restrictions	<u>169,156</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 172,586</u></b>

## IMAGO GLOBAL GRASSROOTS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>
<b>REVENUE AND SUPPORT</b>	
Fee for services	\$ 254,305
Contributions	46,226
Contributed services	<u>138,975</u>
Total revenue and support	<u>439,506</u>
<b>EXPENSES</b>	
Program Services	<u>250,708</u>
Supporting Services:	
General and Administrative	156,139
Fundraising	<u>56,764</u>
Total supporting services	<u>212,903</u>
Total expenses	<u>463,611</u>
Change in net assets	(24,105)
Net assets at beginning of year	<u>193,261</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 169,156</u></b>

**IMAGO GLOBAL GRASSROOTS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Supporting Services</u>			<b>Total Supporting Services</b>	<b>Total Expenses</b>
	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>		
Subcontractors	\$ 173,052	\$ 111,559	\$ 41,703	\$ 153,262	\$ 326,314
Travel and meetings	38,862	-	4,378	4,378	43,240
Professional fees	12,611	25,221	4,204	29,425	42,036
Other expenses	12,097	8,950	2,993	11,943	24,040
Occupancy	10,543	7,791	2,609	10,400	20,943
Supplies, materials and hardware	2,401	1,774	594	2,368	4,769
Depreciation and amortization	944	698	234	932	1,876
Web and IT support	198	146	49	195	393
<b>TOTAL</b>	<b>\$ 250,708</b>	<b>\$ 156,139</b>	<b>\$ 56,764</b>	<b>\$ 212,903</b>	<b>\$ 463,611</b>

**IMAGO GLOBAL GRASSROOTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (24,105)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	1,876
Increase in:	
Accounts receivable	(2,854)
Decrease in:	
Accounts payable and accrued liabilities	<u>(12,267)</u>
Net cash used by operating activities	<u>(37,350)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of fixed assets	<u>(394)</u>
Net cash used by investing activities	<u>(394)</u>
Net decrease in cash and cash equivalents	(37,744)
Cash and cash equivalents at beginning of year	<u>205,392</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 167,648</u></u></b>

## IMAGO GLOBAL GRASSROOTS

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

#### 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) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

##### 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, 2018 totaled \$1,876.

##### 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, 2018, 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 DECEMBER 31, 2018

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

##### Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. There were no net assets with donor restrictions as of December 31, 2018.

##### Contributions -

Contributions received without donor restrictions and with donor restrictions are recorded as revenue in the year notification is received from the donor. Contributions with donor restrictions are recognized as without donor restrictions 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 net assets with donor restriction in the accompanying financial statements.

##### 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 revenue without donor restrictions.

##### Contributed services -

Contributed services, which consist of management and program administration services, are recorded at their fair value as of the date of the gift. The fair value of these services was estimated to be \$138,975 for the year ended December 31, 2018, and are included in subcontractors expense in the accompanying Statement of Functional Expenses.

**IMAGO GLOBAL GRASSROOTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

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. The Statement of Functional Expenses reports certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, these expenses require allocation on a reasonable basis that is consistently applied. Travel and meeting costs are recorded based on its usage. For professional fees and subcontractors, the expenses have been allocated based on the yearly estimate of time allocation for each function. All other expenses have been allocated using the same share of time allocation of subcontractors and employees.

New accounting pronouncements (not yet adopted) -

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 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 its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. IMAGO has not yet decided on a transition method.

**IMAGO GLOBAL GRASSROOTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

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

New accounting pronouncements (not yet adopted) (continued) -

The ASU is effective for fiscal years beginning after December 15, 2018. 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 respective required implementation dates.

**2. LIQUIDITY**

Financial assets available for use within one year of the statement of financial position, comprise the following at December 31, 2018:

Cash and cash equivalents	\$ 167,648
Accounts receivable	<u>2,854</u>
	<b><u>\$ 170,502</u></b>

IMAGO's liquidity policy is to have at least three months of liquid financial assets to cover all projected cash spending and at least six months of non-program related cash spending. As of December 31, 2018, IMAGO has financial assets equivalent to approximately five months of all cash spending and approximately nine months of non-project related cash spending in relation to the approved budget for 2019. In the event of a significant expansion of IMAGO, the liquidity policy will be reviewed by management and the Board's Financial Committee.

**3. OCCUPANCY**

IMAGO leases office space in Washington, D.C. under a lease agreement that commenced on April 1, 2018 and expires on March 31, 2019. IMAGO extended the lease agreement another year through March 31, 2020. Base rent varies depending on the number of offices/desks rented. Additionally, the lease may be terminated with 60 days notice. Occupancy expense for the year ended December 31, 2018 totaled \$20,943.

**4. RELATED PARTY**

During the year ended December 31, 2018, IMAGO received \$61,915 from the Chairman of the Board's organization and the amount is reflected in fee for services.

**IMAGO GLOBAL GRASSROOTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**5. SUBSEQUENT EVENTS**

In preparing these financial statements, IMAGO has evaluated events and transactions for potential recognition or disclosure through March 15, 2019, the date the financial statements were issued.