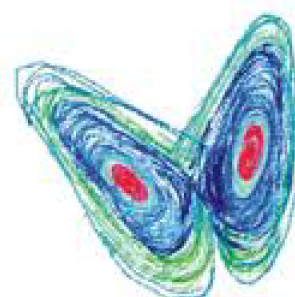


FINANCIAL STATEMENTS



I M A G O
GLOBAL GRASSROOTS

**FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018**

IMAGO GLOBAL GRASSROOTS

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CPAs & ADVISORS

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, 2019, 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, 2019, 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.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Summarized Comparative Information

We have previously audited IMAGO's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

July 13, 2020

IMAGO GLOBAL GRASSROOTS
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS		<u>2019</u>	<u>2018</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 114,676	\$ 167,648
Accounts receivable		<u>207,718</u>	<u>2,854</u>
Total current assets		<u>322,394</u>	<u>170,502</u>
FIXED ASSETS			
Computer equipment		4,290	4,290
Website development		<u>3,250</u>	<u>3,250</u>
Less: Accumulated depreciation and amortization		<u>7,540</u> <u>(7,262)</u>	<u>7,540</u> <u>(5,456)</u>
Net fixed assets		<u>278</u>	<u>2,084</u>
TOTAL ASSETS		<u>\$ 322,672</u>	<u>\$ 172,586</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ <u>21,093</u>	\$ <u>3,430</u>
NET ASSETS			
Without donor restrictions		<u>301,579</u>	<u>169,156</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 322,672</u>	<u>\$ 172,586</u>

IMAGO GLOBAL GRASSROOTS

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	<u>Without Donor Restrictions</u>	
	<u>2019</u>	<u>2018</u>
REVENUE AND SUPPORT		
Fee for services	\$ 194,860	\$ 254,305
Contributions	174,053	46,226
Contributed services	<u>140,250</u>	<u>138,975</u>
Total revenue and support	<u>509,163</u>	<u>439,506</u>
EXPENSES		
Program Services	<u>301,946</u>	<u>250,708</u>
Supporting Services:		
General and Administrative	22,689	156,139
Fundraising	<u>52,105</u>	<u>56,764</u>
Total supporting services	<u>74,794</u>	<u>212,903</u>
Total expenses	<u>376,740</u>	<u>463,611</u>
Change in net assets	132,423	(24,105)
Net assets at beginning of year	<u>169,156</u>	<u>193,261</u>
NET ASSETS AT END OF YEAR	<u>\$ 301,579</u>	<u>\$ 169,156</u>

IMAGO GLOBAL GRASSROOTS

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018**

	2019			2018		
	Supporting Services					
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Subcontractors	\$ 266,175	\$ -	\$ 44,883	\$ 44,883	\$ 311,058	\$ 326,314
Travel and meetings	20,449	694	1,917	2,611	23,060	43,240
Occupancy	11,894	7,929	-	7,929	19,823	20,943
Professional fees	-	9,330	166	9,496	9,496	42,036
Office expenses	2,499	1,368	3,115	4,483	6,982	22,348
Web and IT support	-	620	1,765	2,385	2,385	393
Depreciation and amortization	-	1,806	-	1,806	1,806	1,876
Supplies, materials and hardware	270	942	259	1,201	1,471	4,769
Board expenses	659	-	-	-	659	1,692
TOTAL	\$ 301,946	\$ 22,689	\$ 52,105	\$ 74,794	\$ 376,740	\$ 463,611

See accompanying notes to financial statements.

IMAGO GLOBAL GRASSROOTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 132,423	\$ (24,105)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	1,806	1,876
Increase in:		
Accounts receivable	(204,864)	(2,854)
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>17,663</u>	<u>(12,267)</u>
Net cash used by operating activities	<u>(52,972)</u>	<u>(37,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>-</u>	<u>(394)</u>
Net cash used by investing activities	<u>-</u>	<u>(394)</u>
Net decrease in cash and cash equivalents	(52,972)	(37,744)
Cash and cash equivalents at beginning of year	<u>167,648</u>	<u>205,392</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 114,676</u>	<u>\$ 167,648</u>

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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 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 donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service. IMAGO did not have any net assets with donor restrictions as of December 31, 2019.

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 IMAGO's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

New accounting pronouncements adopted -

During 2019, IMAGO adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way IMAGO recognized revenue; however, the presentation and disclosures of revenue have been enhanced. IMAGO has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

New accounting pronouncements adopted (continued) -

Also during 2019, IMAGO adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. IMAGO adopted the ASU using a modified prospective basis.

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 are recorded at their net realizable value, which approximates 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, 2019 totaled \$1,806.

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, 2019, 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.

Revenue and support -

For contributions and contracts qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

Revenue and support (continued) -

Contributions and contracts qualifying as contributions that are unconditional that have 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 restrictions in the accompanying financial statements.

Fee for services are classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and record revenue when the performance obligations are met. The revenue is recorded directly to without donor restrictions and the transaction price is based on expenses incurred in compliance with the criteria stipulated in the contract agreements.

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 \$140,250 for the year ended December 31, 2019, and are included in subcontractors expense in the accompanying Statement of Functional Expenses.

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. Expenses directly attributed to a specific functional area of IMAGO are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated 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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncement not yet adopted -

FASB issued ASU 2019-01, *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.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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

New accounting pronouncement not yet adopted (continued) -

The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

IMAGO plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 114,676
Accounts receivable	<u>207,718</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 322,394</u>
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IMAGO has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019, IMAGO had financial assets equal to approximately ten months of operating expenses.

3. OCCUPANCY

During the year ended December 31, 2019, IMAGO leased office space in Washington, D.C. under a lease agreement that commenced on April 1, 2018 and expired on March 31, 2019. IMAGO extended the lease agreement another year through March 31, 2020. Subsequent to December 31, 2019, IMAGO entered into a further extension of the lease. The new extension will expire on March 31, 2021.

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, 2019 totaled \$19,823.

4. RELATED PARTY

During the year ended December 31, 2019, IMAGO received \$37,500 from the Chair of its Board of Directors. The amount is reflected in fee for services in the accompanying Statement of Activities and Change in Net Assets. There were no amounts due to IMAGO at December 31, 2019.

During the year ended December 31, 2019, IMAGO entered into a human resources consulting agreement with the brother of the organization's Executive Director. The maximum amount payable under the contract is \$2,500. No amounts were paid during 2019 and there were no amounts due to the consultant at December 31, 2019.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

5. SUBSEQUENT EVENTS

In preparing these financial statements, IMAGO has evaluated events and transactions for potential recognition or disclosure through July 13, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact IMAGO's operations. The overall potential impact is unknown at this time.