

**IMAGO GLOBAL GRASSROOTS
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED DECEMBER 31, 2020

CONTENTS

	Page
Independent Auditors' Report.....	3-4
Financial Statements:	
Statement of Financial Position.....	5
Statement of Activities.....	6
Statement of Functional Expenses.....	7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9-14

INDEPENDENT AUDITORS' REPORT

Imago Global Grassroots
Washington, DC

We have audited the accompanying statement of financial position of Imago Global Grassroots (IMAGO), as of December 31, 2020, and the related statement of activities, 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 the 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 the 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 the accounting policies used and the reasonableness of the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Imago Global Grassroots, as of December 31, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Roberts & Associates

Washington, DC
March 31, 2021

IMAGO GLOBAL GRASSROOTS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS		<u>2020</u>
Current Assets:		
Cash	\$	824,072
Cash Investments		14,350
Grants Receivable		390,070
Prepaid Expenses		761
Total Current Assets		<u>1,229,253</u>
Property & Equipment:		
Computer & Equipment		7,862
Website		3,250
Accumulated Depreciation		<u>(8,105)</u>
Total Property & Equipment		<u>3,007</u>
TOTAL ASSETS	\$	<u><u>1,232,260</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable	\$	75,000
Credit Card Payable		114
Deferred Revenue		<u>658,592</u>
Total Liabilities		<u>733,706</u>
Net Assets:		
Without Donor Restrictions		<u>498,554</u>
Total Net Assets		<u>498,554</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,232,260</u></u>

See accompanying notes to financial statements

IMAGO GLOBAL GRASSROOTS

STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2020

Net Assets Without Donor Restriction:

Support		
Program Income	\$	298,463
Contribution Income		234,696
Grants Income		106,833
In-kind contribution		107,613
Misc Income		7,503
Dividend Income		129
Unrealized Gain (Loss)		<u>(1,911)</u>
 Total Revenue & Support		 753,326
 Expenses		
Program Services		449,780
Management & General		31,601
Fundraising		<u>74,970</u>
 Total Expenses		 <u>556,351</u>
 Increase in Net Assets Without Donor Restriction		 <u>196,975</u>
 Net Assets, Beginning of Year		 <u>301,579</u>
 Net Assets, End of Year	\$	 <u><u>498,554</u></u>

See accompanying notes to financial statements

IMAGO GLOBAL GRASSROOTS

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund Raising</u>	<u>Total</u>
Accounting & Legal	\$ -	\$ 18,446	\$ 329	\$ 18,775
Advertising & Promotion	2,095	1,319	466	3,880
Board Expenses	176	-	-	176
Sub Contractors	430,830	-	72,652	503,482
Depreciation	-	843	-	843
Dues & Subscriptions	-	1,202	-	1,202
Travel & Meeting Expense	5,147	175	482	5,804
Supplies & Materials	143	498	137	777
Office Expenses	574	314	716	1,605
Telephone	-	100	-	100
License & Fees	-	1,428	-	1,428
Web & IT Services	-	66	188	254
Rent	10,815	7,210	-	18,025
	<u>\$ 449,780</u>	<u>\$ 31,601</u>	<u>\$ 74,970</u>	<u>\$ 556,351</u>

See accompanying notes to financial statements

IMAGO GLOBAL GRASSROOTS

STATEMENT OF CASH FLOWS
YEAR ENDED JULY 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$	196,975
Adjustments to reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		843
(Increase) Decrease in Operating Assets		
Grant Receivable		(182,352)
Prepaid Expenses		(761)
Increase (Decrease) in Operating Liabilities		
Accounts Payable		53,907
Credit Card Payable		114
Deferred Revenue		<u>658,592</u>
NET DECREASE IN CASH FROM OPERATING ACTIVITIES		<u>727,318</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets		(3,571)
Securities Transfers & Purchases		<u>(14,351)</u>
NET DECREASE IN CASH FROM OPERATING ACTIVITIES		<u>(17,922)</u>
NET DECREASE IN CASH		<u>709,396</u>
Cash Balance, Beginning of Year		<u>114,676</u>
Cash Balance, End of Year	\$	<u><u>824,072</u></u>

See accompanying notes to financial statements

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

Note 1 - Organization & Purpose

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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation:

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASS) 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, 2020.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

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, 2019, from which the summarized information was derived.

New accounting pronouncements adopted:

During 2020, 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.

Also during 2020, 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.

Grants receivable:

Grants 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.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

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, 2020 totaled \$843.

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, 2020, 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.

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.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 \$106,400 for the year ended December 31, 2020, 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 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
YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (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.

Note 3 - 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	\$ 838,422
Grants receivable	\$ 390,070

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>1,228,492</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, 2020, IMAGO had financial assets equal to approximately ten months of operating expenses.

Note 4 - Occupancy

During the year ended December 31, 2020, IMAGO leased office space in Washington, D.C. under an amended lease agreement that executed on August 1, 2020. 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, 2020 totaled \$18,025.

IMAGO GLOBAL GRASSROOTS
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020
(CONTINUED)

Note 5 - Subsequent Events

The Organization has evaluated subsequent events through March 31, 2021, the date which the financial statements were available to be issued.