

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

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Coté & Company, APC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Global Exchange
(A Not-For-Profit Corporation)
San Francisco, California

Report on the Financial Statements

We have audited the accompanying statements of **GLOBAL EXCHANGE** (A Not-For-Profit Corporation), which comprise the statement of financial position, as of June 30, 2019 and June 30, 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's June 30, 2018 financial statements and our report, which was dated August 1, 2018, expressed an unqualified opinion on those 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 of material misstatement, whether due to error or fraud.

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 of 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 risks of material misstatement of the financial statements, whether due to error or fraud. 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

INDEPENDENT AUDITORS' REPORT
(Continued)

Auditor's Responsibility (Continued)

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Exchange (A Not-For-Profit Corporation) as of June 30, 2019 and 2018 and the changes in its net assets, functional expenses and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Coté & Company, APC

San Francisco, California
September 19, 2019

GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(With Comparative Totals for June 30, 2018)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2019</u>	Total (Summarized) <u>2018</u>
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 347,193	\$ 92,754	\$ 439,947	\$ 429,032
Reality tours receivable	60,860	-	60,860	-
Prepaid expenses	31,738	-	31,738	31,618
Prepaid reality tours	38,543	-	38,543	27,796
Total current assets	<u>478,334</u>	<u>92,754</u>	<u>571,088</u>	<u>488,446</u>
FIXED ASSETS				
Furniture, fixtures and equipment	12,674	-	12,674	11,259
Less accumulated depreciation	<u>(9,310)</u>	<u>-</u>	<u>(9,310)</u>	<u>(8,175)</u>
Total fixed assets	<u>3,364</u>	<u>-</u>	<u>3,364</u>	<u>3,084</u>
INVESTMENTS	<u>40,623</u>	<u>-</u>	<u>40,623</u>	<u>38,854</u>
TOTAL ASSETS	<u>\$ 522,321</u>	<u>\$ 92,754</u>	<u>\$ 615,075</u>	<u>\$ 530,384</u>
<u>LIABILITIES AND NET ASSETS</u>				
LIABILITIES				
Accounts payable and accrued expenses	\$ 32,914	\$ -	\$ 32,914	\$ 24,514
Credit cards payable	6,914	-	6,914	6,290
Tour deposits	<u>148,973</u>	<u>-</u>	<u>148,973</u>	<u>36,690</u>
Total liabilities	<u>188,801</u>	<u>-</u>	<u>188,801</u>	<u>67,494</u>
NET ASSETS				
Unrestricted	333,550	-	333,550	304,376
Temporarily restricted	<u>-</u>	<u>92,724</u>	<u>92,724</u>	<u>158,514</u>
Total net assets	<u>333,550</u>	<u>92,724</u>	<u>426,274</u>	<u>462,890</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 522,351</u>	<u>\$ 92,724</u>	<u>\$ 615,075</u>	<u>\$ 530,384</u>

The accompanying notes are an integral part of these financial statements.

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2019</u>	<u>Total (Summarized) 2018</u>
SUPPORT AND REVENUES				
Contributions	\$ 240,722	\$ 288,217	\$ 528,939	\$ 622,627
Grants	100,843	-	100,843	108,200
Reality tours	879,117	-	879,117	528,978
Fiscal sponsorship fees	21,694	-	21,694	30,904
Interest and dividends	332	-	332	197
Realized and unrealized gains	587	-	587	40
Other income	957	-	957	616
Net assets released from restrictions	<u>354,007</u>	<u>(354,007)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>1,598,259</u>	<u>(65,790)</u>	<u>1,532,469</u>	<u>1,291,562</u>
EXPENSES				
Program Services				
Reality tours	861,899	-	861,899	621,718
Campaigns	152,305	-	152,305	167,520
Grants	<u>350,511</u>	<u>-</u>	<u>350,511</u>	<u>286,994</u>
Total programs	1,364,715	-	1,364,715	1,076,232
Management and general	71,315	-	71,315	57,885
Fund raising	<u>133,055</u>	<u>-</u>	<u>133,055</u>	<u>141,638</u>
Total expenses	<u>1,569,085</u>	<u>-</u>	<u>1,569,085</u>	<u>1,275,755</u>
EXCESS (DEFICIT) OF SUPPORT AND REVENUES OVER EXPENSES	29,174	(65,790)	(36,616)	15,807
NET ASSETS				
Beginning of the year	<u>304,376</u>	<u>158,514</u>	<u>462,890</u>	<u>447,083</u>
End of the year	<u>\$ 333,550</u>	<u>\$ 92,724</u>	<u>\$ 426,274</u>	<u>\$ 462,890</u>

The accompanying notes are an integral part of these financial statements.

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	Reality Tours	Campaigns	Special Projects	Total Programs	General & Admin.	Fundraising	2019	2018
								Total (Summarized)
Salaries and wages	\$ 114,203	\$ 91,087	\$ -	\$ 205,290	\$ 47,403	\$ 82,970	\$ 335,663	\$ 466,801
Payroll taxes	13,014	7,673	-	20,687	739	6,743	28,169	39,755
Employee benefits	13,248	11,506	-	24,754	1,844	1,844	28,442	27,420
Workers' compensation	837	397	-	1,234	143	389	1,766	2,470
Professional services	17,422	8,782	190,295	216,499	8,794	8,693	233,986	149,684
Grants and donations	-	11,000	160,216	171,216	-	-	171,216	183,133
Travel	673,472	9,417	-	682,889	1,889	4,860	689,638	321,241
Advertising and promotion	3,209	673	-	3,882	336	336	4,554	3,228
Dues and subscriptions	514	289	-	803	179	605	1,587	1,373
Bank fees and charges	1,549	131	-	1,680	710	114	2,504	1,982
Insurance	5,979	779	-	6,758	998	999	8,755	8,509
Meetings and conferences	153	198	-	351	153	-	504	1,469
Occupancy	10,216	3,638	-	13,854	4,661	4,661	23,176	26,830
Postage and shipping	667	238	-	905	304	6,254	7,463	3,081
Printing and publications	2,481	884	-	3,365	1,132	10,552	15,049	22,132
Telephone	3,936	967	-	4,903	1,168	1,768	7,839	8,710
Supplies	392	1,538	-	1,930	179	289	2,398	4,424
Events	-	2,929	-	2,929	-	1,750	4,679	900
Depreciation	500	179	-	679	228	228	1,135	1,427
Interest	-	-	-	-	-	-	-	765
Taxes and licenses	107	-	-	107	455	-	562	421
Total	\$ 861,899	\$ 152,305	\$ 350,511	\$ 1,364,715	\$ 71,315	\$ 133,055	\$ 1,569,085	\$ 1,275,755

The accompanying notes are an integral part of these financial statements.

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

	Total	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (36,616)	\$ 15,807
Adjustments to reconcile the increase (decrease) in net assets to net cash provided by operation activities:		
Depreciation	1,135	1,427
Net realized losses on investment sales	-	114
Net unrealized gains on investments	(587)	(154)
(Increase) decrease in:		
Accounts receivable	-	103
Prepaid expenses	(120)	9
Prepaid reality tours	(71,607)	21,048
Increase (decrease) in:		
Accounts payable and accrued expenses	8,400	3,914
Credit cards payable	624	2,971
Tour deposits	112,283	(9,654)
Net cash provided (used) by operating activities	13,512	35,585
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,415)	-
Purchases of investments, reinvestments and transfers	(1,182)	(5,125)
Sales of investments	-	3,900
Net cash used by investing activities	(2,597)	(1,225)
CASH FLOW FROM FINANCING ACTIVITIES		
Net decrease in loans payable	-	(13,818)
Net cash used by financing activities	-	(13,818)
NET INCREASE IN CASH	10,915	20,542
CASH		
Beginning of year	429,032	408,490
End of year	\$ 439,947	\$ 429,032

The accompanying notes are an integral part of these financial statements.

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Global Exchange (“the Organization”) is presented to assist in the understanding of the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management who is responsible for their integrity and objectivity.

Organization

Global Exchange is a nonprofit research, education and action center dedicated to advocating and working for political, economic and social justice on a global scale. Its goal is to increase global awareness and move the U.S. public to action while building international and domestic partnerships around the world.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, except for investment portfolio cash management funds, which are included in investments.

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, if any, are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments

Investments in equity securities with readily determinable fair values and all investment in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, or in the case of assets acquired through donation, at fair market value at the time acquired. Provision for depreciation is made using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease.

Recognition of Donor-Restricted Contributions

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Comparative Financial Information and Reclassifications

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

Subsequent Events

Management has evaluated subsequent events through November 15, 2019 the date the financial statements were available to be issued.

Income Taxes

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3) and from California Franchise taxes under Revenue and Taxation Code Section 23701d. The IRS has also determined that Global Exchange is not a private foundation under the provisions of Internal Revenue Code Section 509(a).

**GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability or asset if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or the Franchise Tax Board. Management has analyzed the tax positions taken by the Organization, and has concluded that, as of June 30, 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in question. Management believes it is no longer subject to federal (IRS) and state (FTB) tax examinations for years prior to 2015 and 2014, respectively.

NOTE B – CONCENTRATION OF CREDIT RISK

The Organization maintains its demand deposits in several commercial banks which are insured to a maximum of \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and, at times during the year, the Organization's uninsured demand deposits may exceed the FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash balances. The Organization's FDIC limits were not exceeded at June 30, 2019 and 2018, respectively.

NOTE C – PROMISES TO GIVE

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The unconditional promises to give are deemed to be fully collectible and accordingly, no provision for uncollectible amounts has been recorded.

NOTE D – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on functional bases in the statement of activities. Costs have been allocated among the various programs and supporting services based on time and direct costs.

GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE E – INVESTMENTS

The fair value of investments at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Money market fund	\$ 34,508	\$ 34,409
Mutual fund	<u>6,115</u>	<u>4,445</u>
Total	\$ <u>40,623</u>	\$ <u>38,854</u>

The following schedule summarizes investment return for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 181	\$ 111
Realized losses	-0-	(114)
Unrealized gains	<u>587</u>	<u>154</u>
Total	\$ <u>768</u>	\$ <u>151</u>

NOTE F – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under ASC Topic 820 are described below:

Level 1 -

Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Organization has the ability to access.

GLOBAL EXCHANGE
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

Level 2 -

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual term), the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 -

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Bond and Equity Securities -

The fair values are determined by reference to quoted market prices and other relevant information generated by market transactions.

Mutual Funds -

Valued at the net asset value ("NAV") of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the Organization believes that the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**GLOBAL EXCHANGE
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan’s assets at fair value as of June 30, 2019 and 2018:

	June 30, 2019			
	(Level 1)	(Level 2)	(Level 3)	Total
Money market fund	\$ 34,508	\$ -0-	\$ -0-	\$ 34,508
Long-term growth	<u>6,115</u>	<u>-0-</u>	<u>-0-</u>	<u>6,115</u>
Total investments	\$ <u>40,623</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>40,623</u>
	June 30, 2018			
	(Level 1)	(Level 2)	(Level 3)	Total
Money market fund	\$ 34,409	\$ -0-	\$ -0-	\$ 34,409
Long-term growth	<u>4,445</u>	<u>-0-</u>	<u>-0-</u>	<u>4,445</u>
Total investments	\$ <u>38,854</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>38,854</u>

NOTE G – COMMITMENTS

In May 2019, the Organization signed a Memorandum of Understanding (MOU) with Intersection of the Arts to become “Designated Desk” members at \$350 per month per desk, plus an “Annual Services Contribution” of \$300 per desk/per year. The MOU expired on December 31, 2019. At June 30, 2019 the Organization’s lease commitment is \$8,400 and is based on seven (4) Designated Desks at \$350 per Designated Desk.

**GLOBAL EXCHANGE
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets are available for the following purposes at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Fiscally sponsored projects	\$ <u>92,724</u>	\$ <u>158,514</u>

Net assets were released from donor restrictions by incurring expenses satisfying programming restrictions.