

COTÉ & COMPANY, APC

CERTIFIED PUBLIC ACCOUNTANTS

GLOBAL EXCHANGE (A NOT-FOR-PROFIT CORPORATION)

FINANCIAL STATEMENTS
WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT

FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

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

TABLE OF CONTENTS

JUNE 30, 2020

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statement of Activities, June 20, 2020.....	4
Statement of Activities, June 20, 2019.....	5
Statement of Functional Expenses, June 30, 2020.....	6
Statement of Functional Expenses, June 30, 2019.....	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 - 18

Coté & Company, APC

CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of **GLOBAL EXCHANGE (A NOT-FOR-PROFIT CORPORATION)** which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

ACCOUNTANTS' REVIEW REPORT
(Continued)

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The June 30, 2019 financial statements were audited by us, and we expressed an unqualified opinion on them in our report dated September 21, 2019. We have not performed any auditing procedures since that date.

Coté & Company, APC

San Francisco, CA
September 21, 2020

GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 and 2019

	(Reviewed) <u>2020</u>	(Audited) <u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 645,607	\$ 439,947
Reality tours receivable	-	60,860
Prepaid expenses	30,913	31,738
Prepaid reality tours	<u>2,417</u>	<u>38,543</u>
Total current assets	<u>678,937</u>	<u>571,088</u>
FIXED ASSETS		
Furniture, fixtures and equipment	13,783	12,674
Less accumulated depreciation	<u>(10,783)</u>	<u>(9,310)</u>
Total fixed assets	<u>3,000</u>	<u>3,364</u>
INVESTMENTS	<u>43,262</u>	<u>40,623</u>
TOTAL ASSETS	<u>\$ 725,199</u>	<u>\$ 615,075</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 35,399	\$ 32,914
Credit cards payable	1,512	6,914
Unearned revenue - PPP funds	68,395	-
Tour deposits	<u>69,805</u>	<u>148,973</u>
Total liabilities	<u>175,111</u>	<u>188,801</u>
NET ASSETS		
Without donor restrictions	254,491	333,550
With donor restrictions	<u>295,597</u>	<u>92,724</u>
Total net assets	<u>550,088</u>	<u>426,274</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 725,199</u>	<u>\$ 615,075</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>(Reviewed) Total</u>
OPERATING ACTIVITIES			
REVENUES AND OTHER SUPPORT			
Contributions	\$ 314,515	\$ 533,249	\$ 847,764
Grants	50,916	-	50,916
Reality tours	342,276	-	342,276
Fiscal sponsorship fees	38,621	-	38,621
Interest and dividends	391	-	391
Other income	791	-	791
Net assets released from restrictions	<u>330,376</u>	<u>(330,376)</u>	<u>-</u>
Total revenues and other support	<u>1,077,886</u>	<u>202,873</u>	<u>1,280,759</u>
EXPENSES			
Program Services			
Reality tours	455,930	-	455,930
Campaigns	199,971	-	199,971
Grants	<u>321,376</u>	<u>-</u>	<u>321,376</u>
Total programs	<u>977,277</u>	<u>-</u>	<u>977,277</u>
Support Services			
Management and general	37,137	-	37,137
Fund raising	<u>144,009</u>	<u>-</u>	<u>144,009</u>
Total support services	<u>181,146</u>	<u>-</u>	<u>181,146</u>
Total expenses	<u>1,158,423</u>	<u>-</u>	<u>1,158,423</u>
Change in net assets from operating activities	<u>(80,537)</u>	<u>202,873</u>	<u>122,336</u>
NONOPERATING ACTIVITIES			
Realized and unrealized gains	<u>1,478</u>	<u>-</u>	<u>1,478</u>
Total nonoperating activities	<u>1,478</u>	<u>-</u>	<u>1,478</u>
Change in net assets	(79,059)	202,873	123,814
NET ASSETS, beginning of year	<u>333,550</u>	<u>92,724</u>	<u>426,274</u>
NET ASSETS, end of year	<u>\$ 254,491</u>	<u>\$ 295,597</u>	<u>\$ 550,088</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>(Audited) Total</u>
OPERATING ACTIVITIES			
REVENUES AND OTHER SUPPORT			
Contributions	\$ 240,722	\$ 288,217	\$ 528,939
Grants	100,843	-	100,843
Reality tours	879,117	-	879,117
Fiscal sponsorship fees	21,694	-	21,694
Interest and dividends	332	-	332
Other income	957	-	957
Net assets released from restrictions	<u>354,007</u>	<u>(354,007)</u>	<u>-</u>
Total revenues and other support	<u>1,597,672</u>	<u>(65,790)</u>	<u>1,531,882</u>
EXPENSES			
Program Services			
Reality tours	861,899	-	861,899
Campaigns	152,305	-	152,305
Grants	<u>350,511</u>	<u>-</u>	<u>350,511</u>
Total programs	<u>1,364,715</u>	<u>-</u>	<u>1,364,715</u>
Support Services			
Management and general	71,315	-	71,315
Fund raising	<u>133,055</u>	<u>-</u>	<u>133,055</u>
Total support services	<u>204,370</u>	<u>-</u>	<u>204,370</u>
Total expenses	<u>1,569,085</u>	<u>-</u>	<u>1,569,085</u>
Change in net assets from operating activities	<u>28,587</u>	<u>(65,790)</u>	<u>(37,203)</u>
NONOPERATING ACTIVITIES			
Realized and unrealized gains	<u>587</u>	<u>-</u>	<u>587</u>
Total nonoperating activities	<u>587</u>	<u>-</u>	<u>587</u>
Change in net assets	29,174	(65,790)	(36,616)
NET ASSETS, beginning of year	<u>304,376</u>	<u>158,514</u>	<u>462,890</u>
NET ASSETS, end of year	<u>\$ 333,550</u>	<u>\$ 92,724</u>	<u>\$ 426,274</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, 2020

	Reality Tours	Campaigns	Special Projects	Total Programs	General & Admin.	Fundraising	(Reviewed) Total
Salaries and wages	\$ 106,606	\$ 123,364	\$ -	\$ 229,970	\$ 14,220	\$ 93,440	\$ 337,630
Payroll taxes	9,770	9,792	-	19,562	1,104	7,577	28,243
Employee benefits	7,623	13,741	-	21,364	1,966	1,892	25,222
Workers' compensation	417	373	-	790	48	342	1,180
Professional services	12,257	11,415	196,505	220,177	10,774	8,959	239,910
Grants and donations	12	27,524	114,731	142,267	-	2,796	145,063
Travel	297,746	4,323	-	302,069	927	2,064	305,060
Advertising and promotion	5,109	239	-	5,348	77	77	5,502
Dues and subscriptions	1,445	1,177	-	2,622	769	1,478	4,869
Bank fees and charges	1,227	55	-	1,282	85	40	1,407
Insurance	5,314	1,489	-	6,803	973	972	8,748
Meetings and conferences	39	25	-	64	86	17	167
Occupancy	4,501	4,195	10,140	18,836	2,741	2,741	24,318
Postage and shipping	132	43	-	175	52	3,529	3,756
Printing and publications	562	526	-	1,088	344	16,701	18,133
Telephone	1,989	1,192	-	3,181	779	1,049	5,009
Supplies	1,074	498	-	1,572	494	335	2,401
Depreciation	-	-	-	-	1,473	-	1,473
Taxes and licenses	107	-	-	107	225	-	332
Total	\$ 455,930	\$ 199,971	\$ 321,376	\$ 977,277	\$ 37,137	\$ 144,009	\$ 1,158,423

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

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

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, 2020 and 2019

	(Reviewed) <u>2020</u>	(Audited) <u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 123,814	\$ (36,616)
Adjustments to reconcile the change in net assets to net cash provided by operation activities:		
Depreciation	1,473	1,135
Net unrealized gains on investments	(1,478)	(587)
(Increase) decrease in:		
Prepaid expenses	825	(120)
Prepaid reality tours	96,986	(71,607)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,485	8,400
Credit cards payable	(5,402)	624
Tour deposits	<u>(79,168)</u>	<u>112,283</u>
Net cash provided by operating activities	<u>139,535</u>	<u>13,512</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,109)	(1,415)
Purchases of investments, reinvestments and transfers	<u>(1,161)</u>	<u>(1,182)</u>
Net cash used by investing activities	<u>(2,270)</u>	<u>(2,597)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in unearned revenue - PPP funds	<u>68,395</u>	<u>-</u>
Net cash provided by financing activities	<u>68,395</u>	<u>-</u>
NET INCREASE IN CASH	205,660	10,915
CASH		
Beginning of year	<u>439,947</u>	<u>429,032</u>
End of year	<u>\$ 645,607</u>	<u>\$ 439,947</u>

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE A – DESCRIPTION OF THE 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.

Management and general activities include the functions necessary to provide support for the Organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for not-for-profit entities, which require the Organization to report information regarding financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets without donor restrictions are resources available to support operations. The only limit on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulate time has passed. Other donor-imposed restrictions are perpetual in nature and the organization must continue to use the resources in accordance with the donor's instructions. The Organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by a passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Nature of Operations

The statements of activities report all changes in net assets, including changes in net assets from operations and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing program services and dividends and interest earned on investments. Nonoperating activities are limited to resources that generate a return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Fixed assets are capitalized if it has a cost of \$2,500 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expense as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and fixtures	5-10 years
Equipment	5-7 years

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.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Functional Expenses

The cost of providing the Organization’s programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, payroll taxes, and benefits are allocated based on activity reports prepared by personnel.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses (Continued)

- Occupancy and depreciation are allocated on a square foot basis dependent on the programs and supporting activities occupying the space.
- Administrative expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

The bases on which costs are allocated are evaluated periodically.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities.

Advertising costs are expensed as incurred.

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.

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).

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, 2020, 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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE B – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

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 2016 and 2015, respectively.

Subsequent Events

Management has evaluated subsequent events through September 21, 2020 the date the financial statements were available to be issued.

NOTE C – 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 exceeded by \$354,303 and \$115,013 at June 30, 2020 and 2019, respectively.

NOTE D – INVESTMENTS

The fair value of investments at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Money market fund	\$ 35,687	\$ 34,508
Mutual fund	<u>7,775</u>	<u>6,115</u>
Total	\$ <u>43,462</u>	\$ <u>40,623</u>

GLOBAL EXCHANGE
(A NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE D – INVESTMENTS (Continued)

The following schedule summarizes investment return for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 391	\$ 332
Realized losses	-0-	-0-
Unrealized gains	<u>1,478</u>	<u>587</u>
Total	\$ <u>1,869</u>	\$ 919

NOTE E – 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.

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

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, 2020 and 2019.

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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2020 and 2019:

	June 30, 2020			<u>Total</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
Money market fund	\$ 35,687	\$ -0-	\$ -0-	\$ 35,687
Long-term growth	<u>7,575</u>	<u>-0-</u>	<u>-0-</u>	<u>7,575</u>
Total investments	\$ <u>43,262</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>43,262</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

	June 30, 2019			<u>Total</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	
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>

NOTE F – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of June 30, 2020 and 2019 are:

	<u>2020</u>	June 30, <u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 645,607	\$ 439,947
Accounts receivable	-0-	60,860
Investments	<u>43,262</u>	<u>40,623</u>
Total financial assets	688,869	541,430
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	<u>295,597</u>	<u>92,974</u>
Amount available for general expenditures within one year	\$ <u>393,272</u>	\$ <u>448,456</u>

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE G – UNEARNED REVENUE – PPP FUNDS

In April 2020, the Organization received loan proceeds in the amount of \$68,395 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES ACT”), provides for loans to qualifying businesses for up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE G – UNEARNED REVENUE – PPP FUNDS (Continued)

purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of the loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the entire loan amount for qualifying expenses.

NOTE H – COMMITMENTS

In July 2020, the Organization signed a Coworking Agreement with Intersection for the Arts (“IFTA”) to become “Designated Desk” members at \$350 per month per desk, plus an “Annual Services Contribution” of \$300 per desk/per year. The Coworking Agreement is for the period of January 1, 2020 through September 30, 2020.

The monthly “Designated Desk” fee of \$350 was reduced to \$175 for the period of July 1, 2020 through September 30, 2020. It is IFTA’s intention to move towards a full rent payment as of October 1, 2020.

At June 30, 2020 the Organization’s lease commitment is \$1,050 and is based on seven (2) Designated Desks at \$175 per Designated Desk.

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets are available for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Fiscally sponsored projects	\$ <u>295,597</u>	\$ <u>92,724</u>

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE J – SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While business disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. Because the Organization's major customers are directly impacted by these events, and the Organization has adjusted certain aspects of its operations to protect its employees and customers it is probable that this matter will negatively impact the Organization. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

The extent to which the COVID-19 pandemic may impact the Organization's operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted at this time, including new information that may emerge concerning the severity of COVID-19 and the steps taken to contain it or treat its impact, among others.