



**CENTER FOR GLOBAL IMPACT, INC.**  
*Financial Statements*

*TOGETHER WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
AND INDEPENDENT ACCOUNTANT'S REPORT  
ON SUPPLEMENTARY INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015*

[SponseLCPAGroup.com](http://SponseLCPAGroup.com)

251 North Illinois Street Suite 450 Indianapolis, IN 46204

507 Woodscrest Drive Bloomington, IN 47401

MAIN 317.608.6699 FAX 317.608.6698

# CENTER FOR GLOBAL IMPACT, INC.

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Center for Global Impact, Inc.:

We have reviewed the accompanying financial statements of Center for Global Impact, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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 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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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 conclusion.

### **Accountant's 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 accordance with accounting principles generally accepted in the United States of America.

Indianapolis, Indiana  
December 09, 2016

*SponseL CPA Group, LLC*

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**CENTER FOR GLOBAL IMPACT, INC.**

Statements of Financial Position

June 30, 2016 and 2015

<u>ASSETS</u>		<u>LIABILITIES AND NET ASSETS</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash	\$ 205,018	\$ 122,569	Accounts payable	\$ 3,493	\$ 8,000
Accounts receivable	522	1,788	Accrued expenses	11,959	7,036
Pledges receivable	8,100	-	Sales tax payable	47	40
Other receivable	5,600	-			
Revolving loans	30	1,925	<i>Total current liabilities</i>	<u>15,499</u>	<u>15,076</u>
Inventory	119,426	106,079			
Donated property held for resale	-	85,000	<b>Commitments (Note 2)</b>		
			<b>Net Assets</b>		
<i>Total current assets</i>	<u>338,696</u>	<u>317,361</u>	Unrestricted	312,346	335,954
			Unrestricted - board designated	16,575	16,009
<b>Lease Deposits</b>	<u>6,080</u>	<u>9,080</u>	Temporarily restricted	<u>80,972</u>	<u>19,321</u>
			<i>Total net assets</i>	<u>409,893</u>	<u>371,284</u>
<b>Property and Equipment</b>					
Leasehold improvements	13,841	25,376			
Furniture and sewing equipment	29,198	32,036			
Vehicles	11,590	11,590			
Culinary training equipment	<u>24,333</u>	<u>26,340</u>			
	78,962	95,342			
Accumulated depreciation	<u>(43,946)</u>	<u>(45,037)</u>			
<i>Net property and equipment</i>	<u>35,016</u>	<u>50,305</u>			
<b>Deferred Rent Expense</b>	<u>45,600</u>	<u>9,614</u>			
<i>Total assets</i>	<u>\$ 425,392</u>	<u>\$ 386,360</u>	<i>Total liabilities and net assets</i>	<u>\$ 425,392</u>	<u>\$ 386,360</u>

See independent accountant's review report and accompanying notes to the financial statements.

**CENTER FOR GLOBAL IMPACT, INC.***Statements of Activities and Changes in Net Assets**For the Year Ended June 30, 2016 with Comparative Totals for 2015*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>2015 Total</u>
<b>Revenue and Support</b>				
Merchandise sales	\$ 356,690	\$ -	\$ 356,690	\$ 304,459
Less: cost of merchandise sales (Exhibit I)	<u>(230,250)</u>	<u>-</u>	<u>(230,250)</u>	<u>(165,091)</u>
<i>Gross profit</i>	126,440	-	126,440	139,368
General contributions	377,077	-	377,077	283,161
Project contributions	56,043	35,698	91,741	64,418
Fundraising income	164,031	-	164,031	195,596
In-kind contributions	5,145	58,500	63,645	95,606
Restaurant sales	70,345	-	70,345	49,128
Interest income	177	-	177	165
Net assets released from restrictions	<u>32,547</u>	<u>(32,547)</u>	<u>-</u>	<u>-</u>
<i>Total revenue and support</i>	<u>831,805</u>	<u>61,651</u>	<u>893,456</u>	<u>827,442</u>
<b>Expenses</b>				
Management and general (Exhibit I)	144,162	-	144,162	150,806
Fundraising (Exhibit I)	101,331	-	101,331	109,136
Program services (Exhibit I)	<u>609,354</u>	<u>-</u>	<u>609,354</u>	<u>515,928</u>
<i>Total expenses</i>	<u>854,847</u>	<u>-</u>	<u>854,847</u>	<u>775,870</u>
<b>Change in Net Assets</b>	(23,042)	61,651	38,609	51,572
<b>Net Assets, Beginning of Year</b>	<u>351,963</u>	<u>19,321</u>	<u>371,284</u>	<u>319,712</u>
<b>Net Assets, End of Year</b>	<u>\$ 328,921</u>	<u>\$ 80,972</u>	<u>\$ 409,893</u>	<u>\$ 371,284</u>

**CENTER FOR GLOBAL IMPACT, INC.***Statements of Cash Flows**For the Years Ended June 30, 2016 and 2015**Page 1 of 2***NET INCREASE (DECREASE) IN CASH**

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>Cash Flows from Operating Activities</b>		
Cash received from donors, programs, and merchandise sales	\$ 824,417	\$ 742,574
Cash paid to vendors, program participants, and employees	<u>(810,017)</u>	<u>(763,488)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>14,400</u>	<u>(20,914)</u>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(3,010)	(26,318)
Proceeds from sale of donated property held for sale	<u>71,059</u>	<u>-</u>
<i>Net cash provided by (used in) investing activities</i>	<u>68,049</u>	<u>(26,318)</u>
<b>Net Increase (Decrease) in Cash</b>	82,449	(47,232)
<b>Cash, Beginning of Year</b>	<u>122,569</u>	<u>169,801</u>
<b>Cash, End of Year</b>	<u><u>\$ 205,018</u></u>	<u><u>\$ 122,569</u></u>
<b>Supplementary Disclosure of Non-Cash Activities</b>		
In-kind rent expense	<u>\$ 22,514</u>	<u>\$ 19,718</u>
In-kind contribution	<u>\$ 58,500</u>	<u>\$ 490</u>
Donation of property held for resale	<u>\$ -</u>	<u>\$ 85,000</u>

**RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH  
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>Increase in Net Assets</b>	<b>\$ 38,609</b>	<b>\$ 51,572</b>
<b>Adjustments to Reconcile Increase in Net Assets to Net Cash Provided By (Used In) Operating Activities</b>		
Depreciation	11,807	14,637
Loss on disposal of assets	9,492	519
Change in deferred rent expense	(35,986)	19,228
Settlement expenses related to sale of investment property	10,941	-
Donation of investment property	-	(85,000)
<i>(Increase) decrease in operating assets:</i>		
Accounts receivable	1,266	(933)
Pledges receivable	(8,100)	-
Other receivable	(5,600)	-
Revolving loans	1,895	1,555
Inventory	(13,347)	(24,016)
Lease deposits	3,000	950
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(4,507)	5,463
Accrued expenses	4,923	17
Sales tax payable	7	(4,906)
 <i>Total adjustments</i>	 <u>(24,209)</u>	 <u>(72,486)</u>
 <b>Net Cash Provided By (Used In) Operating Activities</b>	 <b><u>\$ 14,400</u></b>	 <b><u>\$ (20,914)</u></b>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Description of Activities*

Center for Global Impact, Inc. (the Organization) is a Christ-centered 501(c)(3) relief and development organization with headquarters in Indiana, designed to creatively connect financial and human resources with social and humanitarian projects around the world. Established in 2008, the Organization seeks to bring the Good News of Jesus to those in the grip of poverty and bondage. This is done practically by providing a pathway out of poverty through education, vocational training and business development. Primarily working in Cambodia, many of those being served are victims of –or vulnerable to– human trafficking. Currently, the Organization offers various projects and programs located in the country of Cambodia in Southeast Asia.

*Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting. 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2016 and 2015.

*Pledges Receivable*

Unconditional promises to give are recognized as revenues in the period the promise is received as revenue. All pledges receivable at June 30, 2016 were determined to be collectible by management. Therefore, no allowance for bad debts has been established as of June 30, 2016.

*Other Receivable*

Other receivable consists of funds owed from a former employee. There is no formal agreement with repayment terms, and the Organization can request all funds to be paid back at any time.

*Revolving Loans*

Revolving loans are loans provided by the Organization to Cambodian workers and natives. As loans are repaid, the Organization then uses the repaid funds to loan to other workers and natives. All loans are evaluated by management for collectability. At June 30, 2016 and 2015, all revolving loans are deemed collectible by management and no allowance for bad debts is deemed necessary.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Inventory*

Inventory consists of by Tavi products and cookbooks held for resale and is stated at lower of cost (FIFO) or market.

*Lease Deposits*

Lease deposits consist of various deposits made on operating leases with various lease ending dates. Some of these deposits will be applied to rent for the final month of the lease, while others will be refunded at the termination of the lease, less any charges to compensate the landlord for loss or damages.

*Property and Equipment*

Property and equipment, the majority of which is located in Cambodia, is recorded at cost. The Organization's capitalization policy is to capitalize asset acquisitions of \$1,000 and greater with a useful life of more than one year. Depreciation expense is computed using the straight-line method over the estimated useful lives as follows:

	<u>Years</u>
Leasehold improvements	5-10
Furniture and sewing equipment	3-7
Vehicles	5
Culinary training equipment	3-7

Expenditures for repairs and maintenance are charged against operating expenses as incurred.

*Contributions*

The Organization accounts for contributions in accordance with accounting principles generally accepted in the United States of America. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Organization and are recorded at their fair values as revenues and assets in the year a contribution acknowledgement is received. Donor-restricted contributions are reported as increases in temporarily restricted net assets, unless specified that the contribution be maintained in perpetuity resulting in an increase in permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

*Merchandise and Restaurant Sales*

Purchases of merchandise and restaurant transactions are recorded on the date of sale.

*Net Asset Classification*

The financial statements have been prepared in accordance accounting principles generally accepted in the United States of America. As such, the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Net Asset Classification, Continued*

The following classes of net assets are maintained:

**Unrestricted Net Assets**

The unrestricted net asset class includes general assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations. Board designated funds are set aside to pay for board approved expenditures. These designated funds totaled \$16,575 and \$16,009 at June 30, 2016 and 2015, respectively.

**Temporarily Restricted Net Assets**

The temporarily restricted net asset class includes assets related to donor imposed restrictions that have not been met as to a specified purpose or to later periods of time or after specified dates.

**Permanently Restricted Net Assets**

The permanently restricted net asset class includes assets for which the donor has stipulated that the contribution be maintained in perpetuity. Donor imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. The Organization had no permanently restricted net assets at June 30, 2016 and 2015.

*Functional Expenses*

Expenses have been classified as management and general expenses, fundraising expenses, and program expenses based on the actual direct expenditures and cost allocation based on estimates of time and usage by the Organization's personnel and programs.

*Income Taxes*

Center for Global Impact, Inc. is a not for profit Indiana corporation, and its activities are exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). Unrelated business income, of which the Organization had none for the years ended June 30, 2016 and 2015, would be subject to federal income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

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 if the Organization has taken an uncertain position that more likely than not would be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. No interest or penalties were incurred as of June 30, 2016 and 2015.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Income Taxes, Continued*

The Organization has filed its federal and state exempt from income tax returns for periods through June 30, 2015. These returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions). Accordingly, the exempt income tax filings for the six month period ended June 30, 2013, and the years ended June 30, 2014 and 2015, are open to examination at June 30, 2016.

*Subsequent Events*

Subsequent events have been evaluated by management through December 09, 2016, which is the date the financial statements were available to be issued.

**2. OPERATING LEASES**

The Organization has several operating leases for various buildings in Cambodia. Program rent expense for these leases totaled \$20,100 and \$32,216 for the years ended June 30, 2016 and 2015, respectively. These leases have various expiration dates ranging from July 2016 through July 2020.

On January 1, 2011, the Organization entered into a 5 year lease agreement with an unrelated party for office space located in Greenwood, Indiana. The lease specifies that the Organization pay \$1 per month over the term of the lease. The approximate fair value of rent for this space is \$19,228 per year. Accordingly, for the year ended June 30, 2016, \$9,614 was charged to rent expense. For the year ended June 30, 2015, \$19,228 was charged to rent expense and \$9,614 was the remaining deferred rent expense balance on the Statement of Financial Position.

The Organization leased storage space at a location in Greenwood through October 2015. Payments were \$690 per month.

On July 1, 2015, the Organization signed a new 5 year lease agreement for the boutique store at the Franklin location with a board member of the Organization. The lease specifies that the Organization pay \$250 per month over the term of the lease. The approximate fair value of rent for this space is \$14,400 per year. For the year ended June 30, 2016, \$14,400 was charged to rent expense and \$45,600 was the remaining deferred rent expense balance on the Statement of Financial Position.

The Organization opened a new office location in Indianapolis beginning January 2015. The lease is a four year agreement with payments of \$399 per month, expiring in January 2019.

In December 2015, the Organization entered into a new 2 year lease agreement for warehouse space in Indianapolis with an unrelated party. The lease requires the Organization to pay \$300 per month through December 2017.

**CENTER FOR GLOBAL IMPACT***Notes to Financial Statements**June 30, 2016*

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**2. OPERATING LEASES, CONTINUED**

Future minimum lease commitments under operating leases are as follows at June 30, 2016 for the years ending June 30:

2017	\$	32,989
2018		20,089
2019		16,194
2020		9,500
2021		1,500
		<hr/>
	\$	<u>80,272</u>

Subsequent to June 30, 2016, the Organization signed a new lease in September 2016 that is an extension to the warehouse space with an unrelated party. The agreement is for 15 months ending November 30, 2017 and requires monthly payments of \$426. In October 2016, this lease was combined with the other warehouse lease in Indianapolis above. The terms for the final agreement require payments of \$726 for 14 months through December 2017. These monthly payments are not included in the future lease commitments above.

**3. DONATED PROPERTY HELD FOR RESALE**

In January 2015, a house was donated to the Organization by a donor. The house was appraised at a value of \$85,000 on February 1, 2015. The Organization's intent with the property was to sell the property for cash, so the asset was disclosed as a current asset on the statement of financial position. In August 2015, the Organization sold the property for \$82,000, of which \$71,059 was received in cash after paying closing costs.

**4. IN-KIND CONTRIBUTIONS**

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. The Organization benefited from donated accounting services, rent, and storage space during 2016 and 2015. These contributions were valued at \$63,645 and \$10,606 for the years ended June 30, 2016 and 2015, respectively. These were reported as in-kind contributions on the statement of activities, and as rent expense and professional fees expense on the schedule of functional expenses.

Additionally, the donated property with a value of \$85,000 referred to in footnote 3, was reported as an in-kind contribution during the year ended June 30, 2015 on the statement of activities and donated property held for resale on the statement of financial position.

**5. RECLASSIFICATION**

Certain items in the June 30, 2015 financial statements have been retroactively reclassified to conform with the June 30, 2016 financial statement presentation. Total net assets and increase in net assets were unchanged by these reclassifications.

**INDEPENDENT ACCOUNTANT'S REPORT ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of  
Center for Global Impact, Inc.:

Our report on our review of the basic financial statements of Center for Global Impact, Inc. for the years ended June 30, 2016 and 2015 appears on page 1. Our review was conducted for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States. The supplementary information shown in Exhibits I and II is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information was not subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. We do not express an opinion or any other form of assurance on the supplementary information.

*SponseL CPA Group, LLC*

Indianapolis, Indiana  
December 09, 2016

**CENTER FOR GLOBAL IMPACT, INC.***Schedule of Functional Expenses**For the Year Ended June 30, 2016 with Comparative Totals for 2015**Exhibit I*

	<b>Management and General</b>	<b>Fundraising</b>	<b>Program Services</b>	<b>2016 Total</b>	<b>2015 Total</b>
<b>Cost of Merchandise Sold</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,250</u>	<u>\$ 230,250</u>	<u>\$ 165,091</u>
<b>Operating Expenses</b>					
Salaries, wages, and benefits	63,009	33,878	255,876	352,763	303,685
Program expenses	-	-	220,770	220,770	225,309
Insurance	2,562	565	2,301	5,428	5,280
Printing and promotion	3,889	1,437	4,444	9,770	8,391
Depreciation	392	-	11,415	11,807	14,637
Rent	14,357	5,302	16,404	36,063	34,399
Office supplies	3,482	1,286	3,979	8,747	10,656
Operations	16,185	-	13,504	29,689	27,503
Service charges	7,733	2,856	8,835	19,424	14,264
Travel	-	-	47,807	47,807	18,768
Fundraising events	-	48,437	-	48,437	55,544
Professional fees	13,221	4,883	15,106	33,210	41,097
Memberships	720	-	600	1,320	1,612
Postage	2,057	760	2,351	5,168	5,811
Property taxes	1,845	-	-	1,845	801
Loss on disposal of assets	9,492	-	-	9,492	519
Miscellaneous	5,218	1,927	5,962	13,107	7,594
<b>Total operating expenses</b>	<u>144,162</u>	<u>101,331</u>	<u>609,354</u>	<u>854,847</u>	<u>775,870</u>
<b>Total functional expenses</b>	<u>\$ 144,162</u>	<u>\$ 101,331</u>	<u>\$ 839,604</u>	<u>\$ 1,085,097</u>	<u>\$ 940,961</u>

**CENTER FOR GLOBAL IMPACT, INC.***Schedule of Temporarily Restricted Net Assets**For the Year Ended June 30, 2016**Exhibit II*

	<u>July 1, 2015</u>	<u>Contributions</u>	<u>Expenses</u>	<u>Change in Net Assets</u>	<u>June 30, 2016</u>
<b>Gift In-Kind</b>					
Office Space Lease	\$ 9,614	\$ 58,500	\$ 22,514	\$ 35,986	\$ 45,600
<b>Care of Children and Families at Risk</b>					
Miscellaneous Projects	7,114	20,598	7,440	13,158	20,272
Water Filter Fund	288	-	288	(288)	-
<b>Vocational Training</b>					
byTavi	-	11,095	-	11,095	11,095
Culinary Training Center	-	4,005	-	4,005	4,005
<b>Micro Enterprise</b>					
Mushroom Project	465	-	465	(465)	-
Poultry Project	1,590	-	1,590	(1,590)	-
Fish Farming	250	-	250	(250)	-
<b>Total Temporarily Restricted Net Assets</b>	<u>\$ 19,321</u>	<u>\$ 94,198</u>	<u>\$ 32,547</u>	<u>\$ 61,651</u>	<u>\$ 80,972</u>