

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.

**Financial Statements
And
Independent Auditor's Report**

Years Ended December 31, 2014 and 2013

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Abrams
Foster
Nole &
Williams, P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center for Global Policy Solutions, Inc.
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Global Policy Solutions, Inc. (the Center) which comprise the statements of financial position as of December 31, 2014 and 2013 and the related statements of activities and changes in net assets, cash flows and statement of functional expense (with comparable totals for 2013) for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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.

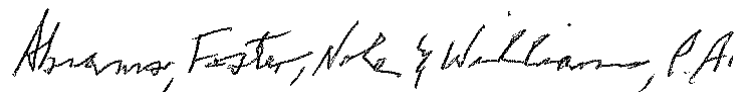
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center'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 Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Certified Public Accountants & Business Advisors

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Global Policy Solutions, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

July 17, 2015

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Statements of Financial Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash	\$ 315,725	\$ 622,751
Grant receivable	430,981	-
Due from affiliate	-	70,433
Total Assets	<u>\$ 746,706</u>	<u>\$ 693,184</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Due to affiliate	\$ 43,142	\$ -
Accrued expenses	51,213	75,672
Deferred revenue	476,641	333,935
Total liabilities	<u>570,996</u>	<u>409,607</u>
Net Assets		
Unrestricted net assets	<u>175,710</u>	<u>283,577</u>
Total Liabilities and Net Assets	<u>\$ 746,706</u>	<u>\$ 693,184</u>

“See Accompanying Notes”

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Change in Unrestricted Net Assets		
Support and Revenue		
Grants	\$ 1,847,762	\$ 1,674,415
Contributions	10,000	1,976
Other revenue	2,214	750
Total support and revenue	<u>1,859,976</u>	<u>1,677,141</u>
 Expenses		
Program services	1,897,619	1,392,511
Supporting expenses	70,224	1,053
Total expenses	<u>1,967,843</u>	<u>1,393,564</u>
 (Decrease) increase in unrestricted net assets	 (107,867)	 283,577
Net assets at beginning of year	283,577	-
Net Assets at End of Year	<u>\$ 175,710</u>	<u>\$ 283,577</u>

“See Accompanying Notes”

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (107,867)	\$ 283,577
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets		
Grants receivable	(430,981)	-
Due from affiliate	70,433	(70,433)
Increase (decrease) in liabilities		
Due to affiliate	43,142	-
Accrued expenses	(24,459)	75,672
Deferred revenue	142,706	333,935
Net cash (used) provided by operating activities	<u>(307,026)</u>	<u>622,751</u>
Net (decrease) increase in cash	(307,026)	622,751
Cash at beginning of year	622,751	-
Cash at End of Year	<u>\$ 315,725</u>	<u>\$ 622,751</u>

“See Accompanying Notes”

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Statement of Functional Expenses
Year Ended December 31, 2014
(With Comparable Totals for 2013)

	Program Services				Support Services		
	Ford	RWJF	KHF	Total	G&A	2014 Total	2013 Total
Salaries	\$ 147,358	\$ 412,053	\$ 15,828	\$ 575,239	\$ 7,214	\$ 582,453	\$ 447,531
Fringe Benefits	35,381	79,334	4,778	119,493	545	120,038	75,001
Payroll Expenses	1,406	2,202	266	3,874	76	3,950	5,404
Professional Fees	162,898	213,593	30,278	406,769	32,313	439,082	133,312
Program Communications	18,217	14,328	-	32,545	3,529	36,074	-
Professional Development	2,602	7,905	64	10,571	752	11,323	10,021
Dues and Subscriptions	12,372	32,432	363	45,167	1,623	46,790	32,379
Maintenance and Repairs	2,158	4,827	4	6,989	-	6,989	6,806
Printing and Reproduction	9,853	9,494	6	19,353	1,378	20,731	10,085
Meetings and Conferences	74,494	114,196	2,061	190,751	1,944	192,695	165,553
Travel	43,697	121,690	20,623	186,010	1,797	187,807	232,345
Office Supplies	2,577	6,420	837	9,834	446	10,280	7,671
Postage and Delivery	983	1,328	139	2,450	338	2,788	3,385
Occupancy Costs	23,890	80,461	6,826	111,177	-	111,177	90,597
Equipment Rental	2,720	6,054	199	8,973	1,130	10,103	36,968
Accounting and Auditing	10,387	23,256	2,178	35,821	609	36,430	12,318
Legal	568	1,280	96	1,944	10,000	11,944	976
Cable and Telephone	4,673	10,543	1,072	16,288	221	16,509	8,043
Insurance	1,262	2,819	-	4,081	102	4,183	1,383
Taxes & Licenses	563	1,270	-	1,833	-	1,833	130
Storage	690	1,545	170	2,405	51	2,456	1,837
Water	281	630	39	950	-	950	888
Bank Charges	198	450	57	705	2	707	2,005
Management Fee	26,945	58,417	7,858	93,220	6,025	99,245	74,164
Other costs	1,746	8,652	779	11,177	129	11,306	34,762
Total	<u>\$ 587,919</u>	<u>\$ 1,215,179</u>	<u>\$ 94,521</u>	<u>\$ 1,897,619</u>	<u>\$ 70,224</u>	<u>\$ 1,967,843</u>	<u>\$ 1,393,564</u>

“See Accompanying Notes”

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2014 and 2013

1. BACKGROUND

The Center for Global Policy Solutions, Inc. (the Center) is a non-profit corporation, incorporated in the District of Columbia in February 2012 and began operations in 2013. The Center was organized under Section 501(c)(3) of the Internal Revenue Code to conduct research and develop programs that advance the health, education, financial and civic well-being of individuals and communities across the United States.

The Center receives funding from contributions, grants and contracts and fees. These funds are expended primarily on the Center's programs and on its administrative activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Center are prepared in accordance with FASB Accounting Standards Codification (ASC) as the source of authoritative accounting principles generally accepted in the United States of America on the accrual basis of accounting with a fiscal year ending December 31st.

B. Basis of Presentation

The financial statement presentation follows the guidance of FASB 168 Accounting Standards Codification (ASC); ASC-958-205, *Financial Statements of Not-for-Profit Programs*. Under ASC-958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, permanently restricted.

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets result from contributions and grants whose use is limited by donor-imposed stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specific purposes.

Permanently restricted net assets are funds subject to donor-imposed stipulations that they be maintained permanently by the Center.

The Center had no temporarily or permanently restricted net assets as of December 31, 2014 and 2013.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

D. Property and Equipment

Property and equipment in excess of \$500 are capitalized at cost and depreciated on a straight-line basis over the estimated useful lives of the related asset. Asset lives range from 5 to 7 years for personal property and 27.5 to 39 years for real property. The cost of maintenance and repairs is recorded as expenses as incurred.

As of December 31, 2014 and 2013, the Center had no fixed assets.

E. Revenue Recognition

A major portion of the support for the Center was provided by grants from Ford Foundation, Kansas Health Foundation and the Robert Wood Johnson Foundation. These funds are recognized as revenue when the purpose for which they were received has been accomplished.

Contributions received by the Center are treated as unrestricted funds, unless restricted by the donor.

F. Income Taxes

Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Center is exempt from Federal and state income taxes, except for unrelated business income, if any. Accordingly, no provision for income taxes has been made in the accompanying financial statements. An informational tax return Form 990 is filed annually.

The Internal Revenue Service has not examined (audited) the income tax return of the Center thus the first year is subject to examination. The Center has not taken any questionable tax positions.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2014 and 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. DEFERRED REVENUE

For the year ended December 31, 2014, the Center received three cost reimbursable grants from the Ford Foundation, the Kansas Health Foundation (KHF) and the Robert Wood Johnson Foundation (RWJF) totaling \$1,559,487 and two reimbursable grants from the Ford Foundation and the Robert Wood Johnson Foundation for the year ended December 31, 2013 totaling \$2,008,350. The Ford grant is used to support and expand the ongoing work of “Closing the Racial Wealth Gap” initiative. The Kansas Health Foundation grant is used to help five communities in Kansas that are experiencing elevated concentrations of health risks, while the grant from RWJF is being used to promote Leadership for Healthy Communities (LHC). As of December 31, 2014 and 2013, the Center had unspent grant funds totaling \$476,641 and \$333,935, respectively.

4. CONCENTRATION OF CREDIT RISK

At times during the year, the Center maintains a portion of its cash balances in interest bearing accounts at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 per depositor for each ownership category. Management has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk related to cash.

Approximately 99 percent of the Center’s revenue is derived from grant funding. The current level of the Center’s operations and program services are contingent on continued funding from these services. Accordingly, the Center’s operation may be significantly impacted if funding is not renewed.

5. RELATED PARTIES

During 2013, the Center entered into a cancelable cost sharing agreement with Global Policy Solutions (GPS), a related party Limited Liability Company, to share certain mutually beneficial costs incurred in the execution of both organizations’ missions.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2014 and 2013

5. RELATED PARTIES (Continued)

Under the terms of the agreement, the Center shares equipment, facilities, personnel costs and sundry other services. The Center reimburses GPS for its share of costs paid directly by GPS. In addition, the Center may from time to time advance funds to GPS to pay personnel costs that benefit the Center. These costs/advances are classified as due from (to) affiliate and were \$(43,142) and \$70,433, respectively, as of December 31, 2014 and 2013.

The Center also pays GPS a fee of 5 percent of the Center's expenses for managing its programs and operations. At December 31, 2014 and 2013, the Center has accrued expenses of \$51,213 and \$75,672, respectively for management fees.

6. 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.

7. COMMITMENTS AND CONTINGENCIES

Most grants specify the type of expenditures for which the grant funds may be used. The expenditures made by the Center under these grants are subject to audit and may require the return of funding if found noncompliant. Management believes that as of December 31, 2014 and 2013, the Center is in compliance with all grant terms and no accrual for potential refunds is required.

The Center is subject to various claims, legal proceedings and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance and if not so covered, are without merit or are of such kind, or involve such amounts as would not have a significant effect on the financial position or results of operations of the Center if disposed of unfavorably.

8. SUBSEQUENT EVENTS

The Center has evaluated subsequent events through the date the financial statements were available to be issued on July 17, 2015 and determined there are no material transactions to or events that require recognition in the financial statements or disclosures of the Center according to the definitions and requirements of FASB Accounting Standards Codification ASC 855-10-50.