



Abrams
Foster
Nole &
Williams, P.A.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.

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

Years Ended December 31, 2015 and 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
<u>Financial Statements</u>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6
<u>Supplementary Information</u>	
Schedule of Functional Expense (with Comparable Totals)	11



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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, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows 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, 2015 and 2014, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses for the year ended December 31, 2015 (with Comparable Totals for 2014) on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

April 1, 2016

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Statements of Financial Position
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash	\$ 430,517	\$ 315,725
Grants receivable	357,175	430,981
Due from affiliate	3,951	-
Total Assets	<u>\$ 791,643</u>	<u>\$ 746,706</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Due to affiliate	\$ -	\$ 43,142
Accrued expenses	28,748	51,213
Deferred revenue	<u>536,097</u>	<u>476,641</u>
Total liabilities	<u>564,845</u>	<u>570,996</u>
Net Assets		
Unrestricted net assets	<u>226,798</u>	<u>175,710</u>
Total Liabilities and Net Assets	<u>\$ 791,643</u>	<u>\$ 746,706</u>

“See Accompanying Notes”

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Change in Unrestricted Net Assets		
Support and Revenue		
Grants	\$ 1,593,449	\$ 1,847,762
Contributions	40,000	10,000
Other revenue	<u>32,757</u>	<u>2,214</u>
Total support and revenue	<u>1,666,206</u>	<u>1,859,976</u>
 Expenses		
Program services	1,573,813	1,897,619
Supporting expenses	<u>41,305</u>	<u>70,224</u>
Total expenses	<u>1,615,118</u>	<u>1,967,843</u>
 Increase (decrease) in unrestricted net assets	51,088	(107,867)
Net assets at beginning of year	<u>175,710</u>	<u>283,577</u>
Net Assets at End of Year	<u>\$ 226,798</u>	<u>\$ 175,710</u>

“See Accompanying Notes”

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 51,088	\$ (107,867)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in assets		
Grants receivable	73,806	(430,981)
Due from affiliate	(3,951)	70,433
Increase (decrease) in liabilities		
Due to affiliate	(43,142)	43,142
Accrued expenses	(22,465)	(24,459)
Deferred revenue	<u>59,456</u>	<u>142,706</u>
Net cash provided by (used) in operating activities	<u>114,792</u>	<u>(307,026)</u>
Net increase (decrease) in cash	114,792	(307,026)
Cash at beginning of year	<u>315,725</u>	<u>622,751</u>
Cash at End of Year	<u>\$ 430,517</u>	<u>\$ 315,725</u>

“See Accompanying Notes”

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2015 and 2014

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, 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 Financial Accounting Standards Board (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 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, 2015 and 2014.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2015 and 2014

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, 2015 and 2014, 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, Robert Wood Johnson Foundation and the Annie E. Casey 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 two years are subject to examination. The Center has not taken any questionable tax positions.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2015 and 2014

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. GRANTS RECEIVABLE

Grants receivable consists of amounts earned by or awarded to the Center but not yet received under reimbursable contracts and amounted to \$357,175 and \$430,981, respectively, for the years ended December 31, 2015 and 2014. Management believes the grant receivables are fully collectible and, therefore, no allowance for uncollectible accounts has been recorded.

4. DEFERRED REVENUE

For the year ended December 31, 2015, the Center was awarded five cost reimbursable grants from the Annie E. Casey Foundation, Ford Foundation, Kansas Health Foundation (KHF) and the Robert Wood Johnson Foundation (RWJF) totaling \$1,411,259 and three reimbursable grants from the Ford Foundation, the Robert Wood Johnson Foundation and the Kansas Health Foundation for the year ended December 31, 2014 totaling \$1,559,487. One of the Annie E. Casey Foundation grant's in the amount of \$25,000 is unrestricted and is used to provide general support for the Center. 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, 2015 and 2014, the Center had unspent grant funds totaling \$536,097 and \$476,641, respectively.

5. 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.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2015 and 2014

5. CONCENTRATION OF CREDIT RISK (Continued)

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.

6. 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.

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 \$3,951 and \$(43,142), respectively, as of December 31, 2015 and 2014.

The Center also pays GPS a fee of 5 percent of the Center's expenses for managing its programs and operations. At December 31, 2015 and 2014, the Center has accrued expenses of \$78,178 and \$99,245, respectively, for management fees.

7. 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.

8. 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, 2015 and 2014, the Center is in compliance with all grant terms and no accrual for potential refunds is required.

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Notes to Financial Statements
December 31, 2015 and 2014

8. COMMITMENTS AND CONTINGENCIES (Continued)

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.

9. SUBSEQUENT EVENTS

The Center has evaluated subsequent events through the date the financial statements were available to be issued on April 1, 2016 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.

SUPPLEMENTARY INFORMATION

CENTER FOR GLOBAL POLICY SOLUTIONS, INC.
Schedule of Functional Expenses
Year Ended December 31, 2015
(With Comparable Totals for 2014)

	<u>Program Services</u>					<u>Support Services</u>		2015	2014
	Ford	AEC	RWJF	KHF	Total	G&A	Total	Total	
Salaries	\$ 150,697	\$ 4,132	\$ 180,030	\$ 135,292	\$ 470,151	\$ 11,195	\$ 481,346	\$ 582,453	
Fringe Benefits	14,630	246	22,739	11,333	48,948	968	49,916	120,038	
Payroll Expenses	3,131	28	6,988	1,689	11,836	128	11,964	3,950	
Professional Fees	73,844	22,438	326,056	112,311	534,649	7,060	541,709	439,082	
Program Communications	-	-	-	-	-	-	-	36,074	
Professional Development	355	-	800	5,961	7,116	126	7,242	11,323	
Dues and Subscriptions	10,405	44	20,084	4,460	34,993	1,311	36,304	46,790	
Maintenance and Repairs	-	-	5	-	5	-	5	6,989	
Printing and Reproduction	7,252	26	2,135	256	9,669	821	10,490	20,731	
Meetings and Conferences	97,730	-	3,838	5,613	107,181	3,513	110,694	192,695	
Travel	39,796	9	4,176	29,940	73,921	1,841	75,762	187,807	
Office Supplies	2,514	7	4,437	1,174	8,132	-	8,132	10,280	
Postage and Delivery	523	1	588	227	1,339	126	1,465	2,788	
Occupancy Costs	28,875	1,925	42,350	21,175	94,325	1,925	96,250	111,177	
Equipment Rental	44	-	-	-	44	-	44	10,103	
Accounting and Auditing	11,750	120	26,190	6,437	44,497	1,281	45,778	36,430	
Legal	656	-	2,508	352	3,516	7,738	11,254	11,944	
Cable and Telephone	2,930	39	10,007	1,637	14,613	177	14,790	16,509	
Insurance	1,302	-	2,357	606	4,265	163	4,428	4,183	
Taxes & Licenses	130	-	294	70	494	9	503	1,833	
Storage	758	11	1,684	419	2,872	49	2,921	2,456	
Water	287	-	636	158	1,081	19	1,100	950	
Bank Charges	292	-	663	161	1,116	16	1,132	707	
Management Fee	22,779	1,385	35,215	16,800	76,179	1,999	78,178	99,245	
Other costs	4,787	15	17,853	216	22,871	840	23,711	11,306	
Total	<u>\$ 475,467</u>	<u>\$ 30,426</u>	<u>\$ 711,633</u>	<u>\$ 356,287</u>	<u>\$ 1,573,813</u>	<u>\$ 41,305</u>	<u>\$ 1,615,118</u>	<u>\$ 1,967,843</u>	



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