



Financial Statements  
For the Year Ended December 31, 2011

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***Independent Auditors' Report******Board of Directors  
Global Washington  
Seattle, Washington***Certified Public  
Accountants  
and Consultants

We have audited the statement of financial position of Global Washington (the Organization) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior period summarized comparative information has been derived from the Organization's financial statements as of and for the nine months ended December 31, 2010, and in our report dated September 7, 2011, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Washington as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expense on page 9 is presented for the purpose 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.

Certified Public Accountants  
September 5, 2012

**GLOBAL WASHINGTON**

**Statement of Financial Position**

**December 31, 2011**

**(With Comparative Totals for 2010)**

|   | <u>2011</u>              | <u>2010</u>              |
|---|--------------------------|--------------------------|
| <b>Assets</b>                           |                          |                          |
| Cash and cash equivalents               | \$ 112,048               | \$ 100,991               |
| Accounts receivable and other assets    | 4,932                    | 10,745                   |
| Pledges receivable, net                 | 105,000                  |                          |
| Property and equipment, net             | 5,423                    |                          |
| <b>Total Assets</b>                     | <b><u>\$ 227,403</u></b> | <b><u>\$ 111,736</u></b> |
| <b>Liabilities and Net Assets</b>       |                          |                          |
| <b>Liabilities:</b>                     |                          |                          |
| Accounts payable                        | \$ 19,987                | \$ 13,569                |
| Accrued liabilities                     | 10,214                   | 17,870                   |
| <b>Total Liabilities</b>                | <b><u>30,201</u></b>     | <b><u>31,439</u></b>     |
| <b>Net Assets:</b>                      |                          |                          |
| Unrestricted                            | 82,977                   | 69,962                   |
| Temporarily restricted                  | 114,225                  | 10,335                   |
| <b>Total Net Assets</b>                 | <b><u>197,202</u></b>    | <b><u>80,297</u></b>     |
| <b>Total Liabilities and Net Assets</b> | <b><u>\$ 227,403</u></b> | <b><u>\$ 111,736</u></b> |

See accompanying notes.

**GLOBAL WASHINGTON**

**Statement of Activities**

**For the Year Ended December 31, 2011**

**(With Comparative Totals for the Nine Months Ended December 31, 2010)**

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>2011 Total</u> | <u>2010 Total</u> |
|--|---------------------|-----------------------------------|-------------------|-------------------|
| <b>Revenue and Support:</b>  |                     |                                   |                   |                   |
| Revenue-   |                     |                                   |                   |                   |
| Conference   | \$ 87,051           | \$ -                              | \$ 87,051         | \$ 108,993        |
| Membership   | 77,463              |                                   | 77,463            | 38,500            |
| Program income   | 67,550              |                                   | 67,550            | 28,775            |
| Interest revenue   | 205                 |                                   | 205               | 82                |
| Support-   |                     |                                   |                   |                   |
| Foundations  | 152,160             | 105,000                           | 257,160           | 94,500            |
| Donated goods and services   | 88,627              | 7,900                             | 96,527            | 46,763            |
| Corporations and business  | 19,682              |                                   | 19,682            | 11,996            |
| Individuals  | 1,248               |                                   | 1,248             | 3,940             |
| Public Awareness Campaign  |                     | 167,000                           | 167,000           |                   |
| Net assets released from restriction   | 176,010             | (176,010)                         |                   |                   |
| <b>Total Revenue and Support</b>   | <b>669,996</b>      | <b>103,890</b>                    | <b>773,886</b>    | <b>333,549</b>    |
| <b>Transfer of Assets from Fiscal Sponsor</b>                                |                     |                                   |                   | <b>94,086</b>     |
| <b>Total Revenue, Support and Transfer<br/>of Assets from Fiscal Sponsor</b> | <b>669,996</b>      | <b>103,890</b>                    | <b>773,886</b>    | <b>427,635</b>    |
| <b>Expenses:</b>   |                     |                                   |                   |                   |
| Program  | 457,229             |                                   | 457,229           | 253,287           |
| Management and general   | 123,815             |                                   | 123,815           | 52,390            |
| Fundraising  | 75,937              |                                   | 75,937            | 41,661            |
| <b>Total Expenses</b>  | <b>656,981</b>      |                                   | <b>656,981</b>    | <b>347,338</b>    |
| <b>Change in Net Assets</b>  | <b>13,015</b>       | <b>103,890</b>                    | <b>116,905</b>    | <b>80,297</b>     |
| Net assets, beginning of period  | 69,962              | 10,335                            | 80,297            |                   |
| <b>Net Assets, End of Period</b>   | <b>\$ 82,977</b>    | <b>\$ 114,225</b>                 | <b>\$ 197,202</b> | <b>\$ 80,297</b>  |

See accompanying notes.

**GLOBAL WASHINGTON**

**Statement of Cash Flows**

**For the Year Ended December 31, 2011**

**(With Comparative Totals for the Nine Months Ended December 31, 2010)**

|  | <u>2011</u>       | <u>2010</u>       |
|--|-------------------|-------------------|
| <b>Cash Flows from Operating Activities:</b>   |                   |                   |
| Change in net assets   | \$ 116,905        | \$ 80,297         |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities- |                   |                   |
| Depreciation   | 1,128             |                   |
| Donated software   | (5,000)           |                   |
| Change in assets and liabilities:  |                   |                   |
| Accounts receivable and other assets   | 5,813             | (10,745)          |
| Pledges receivable   | (105,000)         |                   |
| Accounts payable   | 6,418             | 13,569            |
| Accrued liabilities  | (7,656)           | 17,870            |
|  | <u>12,608</u>     | <u>100,991</u>    |
| <b>Net Cash Provided by Operating Activities</b>   |                   |                   |
|  | <u>12,608</u>     | <u>100,991</u>    |
| <b>Cash Flows from Investing Activities:</b>   |                   |                   |
| Purchases of property and equipment  | (1,551)           |                   |
|  | <u>(1,551)</u>    |                   |
| <b>Net Cash Used by Investing Activities</b>   |                   |                   |
|  | <u>(1,551)</u>    |                   |
| <b>Net Change in Cash and Cash Equivalents</b>   | <u>11,057</u>     | <u>100,991</u>    |
| Cash and cash equivalents, beginning of period   | 100,991           |                   |
|  | <u>100,991</u>    |                   |
| <b>Cash and Cash Equivalents, End of Year</b>  | <u>\$ 112,048</u> | <u>\$ 100,991</u> |

See accompanying notes.

## **GLOBAL WASHINGTON**

### ***Notes to Financial Statements For the Year Ended December 31, 2011***

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#### ***Note 1 - Significant Accounting Policies***

**Organization** - Global Washington (the Organization) is a nonprofit organization whose primary goal is to strengthen the global development sector and its membership organizations by leveraging resources, increasing visibility, sharing best practices, convening the sector by country, issue and organization type, and advocating around education and global engagement and foreign policy. The Organization was launched as a membership organization in December 2008 and operated with a fiscal sponsor until March 2010, at which time the Organization began operating independently.

**Basis of Accounting** - The financial statements of the Organization are presented on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and unrestricted net assets designated by the Organization for various purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or passage of time.

Permanently Restricted Net Assets - Support received in the form of endowment or sustaining funds which can never be spent. The Organization had no permanently restricted net assets at December 31, 2011 or 2010.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

**Revenue Recognition** - Membership fees are recognized as revenue in the period when paid. Conference fees are recognized in the period the conference occurs. Cash contributions are recorded as revenues in the period received, in accordance with donor restrictions. Unconditional promises to give (pledges) are recorded at fair value in the period the promise is received, in accordance with donor-imposed restrictions.

**Transfer of Assets from Fiscal Sponsor** - In November 2007, the Organization entered into a fiscal sponsorship agreement under which the fiscal sponsor assumed fiduciary responsibility for the financial activities of the Organization; however, programmatic management was retained by the Organization. Effective June 30, 2010, the Organization ended the fiscal sponsorship agreement, and the residual assets held by the fiscal sponsor were transferred to the Organization between April and June, 2010. Because the fiscal sponsor had variance power over the assets under the terms of the sponsorship agreement, the transfer of assets is reflected on the statement of activities as revenue for the nine months ended December 31, 2010.

## **GLOBAL WASHINGTON**

### ***Notes to Financial Statements For the Year Ended December 31, 2011***

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#### ***Note 1 - Continued***

**Cash and Cash Equivalents** - Cash and cash equivalents consist of checking and money market accounts. The Organization holds all of its cash and cash equivalents with one financial institution, and such balances exceeded federally insured limits at times during the year and nine months ended December 31, 2011 and 2010, respectively.

**Concentrations** - For the year ended December 31, 2011, 48% of the Organization's total revenue was from two donors. Conference revenue made up 11% and membership fees accounted for 9%, respectively, of total revenue for the year ended December 31, 2011. For the nine months ended December 31, 2010, 18% of the Organization's total revenue was from one organization, and 22% consisted of transfers from the fiscal sponsor. Conference revenue made up 25% and membership fees accounted for 9%, respectively, of total revenue for the nine months ended December 31, 2010.

At December 31, 2011, 95% of total pledges receivable were due from one donor.

**Accounts Receivable and Other Assets** - Accounts receivable are stated at the amount management expects to collect for outstanding balances from various organizations and for sponsorship fees. An allowance for doubtful accounts was not deemed necessary at December 31, 2011 or 2010. Other assets consist of certain prepaid expenses.

**Pledges Receivable** - Pledges receivable, unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Property and Equipment** - Property and equipment are recorded at cost or, if donated, at fair value as of the date of the gift. The Organization capitalizes fixed assets with costs greater than \$1,000. Property and equipment consisted of computer software at December 31, 2011. The software is depreciated over its estimated useful life of two years using the straight-line method. Depreciation expense and accumulated depreciation totaled \$1,128 at and for the year ended December 31, 2011. The Organization owned no capitalized property and equipment at December 31, 2010.

**Federal Income Tax Status** - The Internal Revenue Service has determined the Organization to be a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made in these financial statements. The Organization files income tax returns with the U.S. government. The Organization is subject to income tax examinations based on the applicable laws and regulations.

**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. Accordingly, certain costs have been allocated among the program, management and general, and fundraising categories based on the benefits derived.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results may differ from such estimates.

## GLOBAL WASHINGTON

### Notes to Financial Statements For the Year Ended December 31, 2011

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#### Note 1 - Continued

**Prior Year Summarized Information** - For comparative purposes, the financial statements include certain prior-period summarized 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 nine months ended December 31, 2010, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through September 5, 2012, the date on which the financial statements were available to be issued.

#### Note 2 - Pledges Receivable

|   | <u>2011</u>                     |
|---|---------------------------------|
| Pledges receivable expected in less than one year | \$ 55,000                       |
| Pledges receivable expected in one to five years  | <u>50,000</u>                   |
| <b>Total Pledges Receivable</b>                   | <b><u><u>\$ 105,000</u></u></b> |

An allowance for doubtful accounts is determined by management based on a reasonable estimate and past experience. Management determined an allowance was not deemed necessary at December 31, 2011. A present value discount was deemed immaterial at December 31, 2011.

#### Note 3 - Donated Goods and Services

The Organization receives donations of goods and professional services which are reported at fair value on the date of receipt. The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not donated. The following goods and services were recognized on the statement of activities for the periods ended December 31:

|   | <u>2011</u>                    | <u>2010</u>                    |
|---|--------------------------------|--------------------------------|
| Conference space and catering           | \$ 39,354                      | \$ 35,821                      |
| Conference supplies                     |                                | 3,192                          |
| Conference support                      |                                | 2,750                          |
| Professional services                   | 38,415                         | 5,000                          |
| Software and licenses                   | <u>18,758</u>                  |                                |
| <b>Total Donated Goods and Services</b> | <b><u><u>\$ 96,527</u></u></b> | <b><u><u>\$ 46,763</u></u></b> |

**GLOBAL WASHINGTON**

**Notes to Financial Statements  
For the Year Ended December 31, 2011**

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**Note 4 - Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following at December 31:

|  | <u>2011</u>              | <u>2010</u>             |
|--|--------------------------|-------------------------|
| Time restricted pledges                        | \$ 105,000               | \$ -                    |
| Public relations and radio                     | <u>9,225</u>             | <u>10,335</u>           |
| <b>Total Temporarily Restricted Net Assets</b> | <b><u>\$ 114,225</u></b> | <b><u>\$ 10,335</u></b> |

Releases from restriction totaled \$176,010 and were for public relations and activities for the year ended December 31, 2011.

**Note 5 - Facilities Lease**

The Organization entered into a sub-lease agreement for its office facilities that ended in January 2011. At that time, a new five year sub-lease was negotiated. The minimum lease payments due under the terms of the new sub-lease for future years are as follows at December 31, 2011:

|  |                         |
|--|-------------------------|
| 2012                                       | \$ 20,200               |
| 2013                                       | 20,950                  |
| 2014                                       | 21,701                  |
| 2015                                       | 22,451                  |
| 2016                                       | 13,509                  |
| Thereafter                                 |                         |
| <b>Total Future Minimum Lease Payments</b> | <b><u>\$ 98,811</u></b> |

Rent expense totaled \$8,618 for the year ended December 31, 2011.

***SUPPLEMENTARY INFORMATION***

**GLOBAL WASHINGTON**

***Schedule of Functional Expenses  
For the Year Ended December 31, 2011  
(With Comparative Totals for the Nine Months Ended December 31, 2010)***

|   | <u>Program</u>                                 |                                       | <u>Supporting Services</u> |  | <u>2011 Total</u> | <u>2010 Total</u> |
|---|--|---------------------------------------|----------------------------|--|-------------------|-------------------|
|   | <u>Member<br/>Services and<br/>Conferences</u> | <u>General and<br/>Administrative</u> | <u>Fundraising</u>         | <u>Total<br/>Supporting<br/>Services</u> |                   |                   |
| Payroll and employee benefits                         | \$ 93,762                                      | \$ 65,065                             | \$ 52,803                  | \$ 117,868                               | \$ 211,630        | \$ 112,109        |
| Consultants and contractors                           | 145,211  | 17,557                                | 15,329                     | 32,886                                   | 178,097           | 93,639            |
| Donated goods and services                            | 60,859   | 21,630                                |                            | 21,630                                   | 82,489            | 46,763            |
| Printing, publications, and<br>public relations/media | 62,646   | 3,369                                 | 2,018                      | 5,387                                    | 68,033            | 39,070            |
| Conferences, convenings<br>and meetings               | 66,649   | 64                                    |                            | 64                                       | 66,713            | 36,060            |
| Technology and communications                         | 5,750  | 1,865                                 | 1,268                      | 3,133                                    | 8,883             | 4,479             |
| Rent  | 4,870  | 2,112                                 | 1,636                      | 3,748                                    | 8,618             | 4,600             |
| Supplies  | 5,490  | 1,475                                 | 903                        | 2,378                                    | 7,868             | 831               |
| Travel  | 3,223  | 1,409                                 | 368                        | 1,777                                    | 5,000             | 222               |
| Bank fees   | 2,103  | 2,103                                 | 637                        | 2,740                                    | 4,843             | 3,058             |
| Taxes   |  | 3,456                                 |                            | 3,456                                    | 3,456             | 4,917             |
| Meetings  | 1,663  | 709                                   | 121                        | 830                                      | 2,493             |                   |
| Equipment rental and maintenance                      | 978  | 1,171                                 | 185                        | 1,356                                    | 2,334             | 158               |
| Dues and subscriptions                                | 1,542  | 124                                   | 28                         | 152                                      | 1,694             | 300               |
| Insurance   | 1,217  | 249                                   | 218                        | 467                                      | 1,684             |                   |
| Bad debts   | 255  | 500                                   |                            | 500                                      | 755               |                   |
| Miscellaneous   | 178  | 397                                   | 73                         | 470                                      | 648               | 893               |
| Postage and shipping                                  | 333  | 214                                   | 68                         | 282                                      | 615               | 239               |
| <b>Total Expenses Before Depreciation</b>             | <b>456,729</b>                                 | <b>123,469</b>                        | <b>75,655</b>              | <b>199,124</b>                           | <b>655,853</b>    | <b>347,338</b>    |
| Depreciation  | 500  | 346                                   | 282                        | 628                                      | 1,128             |                   |
| <b>Total Expenses</b>                                 | <b>\$ 457,229</b>                              | <b>\$ 123,815</b>                     | <b>\$ 75,937</b>           | <b>\$ 199,752</b>                        | <b>\$ 656,981</b> | <b>\$ 347,338</b> |

*See independent auditors' report.*