

Global Roots

FINANCIAL STATEMENTS

December 31, 2011

with independent accountants' review report

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**SIMPSON & COMPANY**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Accountants' Review Report**

Board of Directors  
Global Roots

We have reviewed the accompanying statement of financial position of Global Roots, a nonprofit corporation, as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. 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 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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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.

*Simpson & Company*

Simpson & Company, PC  
Portland, Oregon  
March 30, 2012

**Global Roots**

**STATEMENT OF FINANCIAL POSITION**

December 31, 2011

**ASSETS**

	<u>2011</u>
Assets	
Cash and cash equivalents	\$ 5,077
Prepaid rent	770
Furniture and equipment, net of depreciation	<u>8,901</u>
Total Assets	<u>\$ 14,748</u>

**LIABILITIES AND NET ASSETS**

Liabilities	
Accounts Payable	\$ 275
Net Assets	
Unrestricted net assets:	
Undesignated - available for general operations	\$ 14,473
Temporarily restricted	<u>-</u>
Total Net Assets	<u>14,473</u>
Total Liabilities and Net Assets	<u>\$ 14,748</u>

See independent accountants' review report  
See accompanying notes to financial statements.

**Global Roots**

**STATEMENT OF ACTIVITIES**

Year ended December 31, 2011

	<u>2011</u>
Unrestricted net assets	
Revenues, gains, and other support	
Contributions	\$ 114,962
Grants	20,000
In-kind gifts	1,550
Donated professional services	11,800
Interest income	95
Other income	320
	<u>148,727</u>
Net assets released from donor restrictions	<u>-</u>
Total revenues, gains and other support	148,727
Expenses	
Program services	
Kenya	111,225
Tibet	33,645
Afghanistan	6,367
Gaza	5,740
Total Program	<u>156,977</u>
Supporting services	
Management and general	9,237
Fundraising	2,547
Total Expenses	<u>168,761</u>
Increase (decrease) in unrestricted net assets	(20,034)
Temporarily restricted net assets	
Contributions	-
Net assets released from donor restrictions	<u>-</u>
Increase (decrease) in temporarily restricted net assets	<u>-</u>
Total increase (decrease) in net assets	(20,034)
Net Assets at the Beginning of the Year	<u>34,507</u>
Net Assets at the End of the Year	<u>\$ 14,473</u>

See independent accountants' review report  
See accompanying notes to financial statements.

Global Roots

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2011

	Program Services			Supporting Services		2011 Total Expenses		
	Kenya	Tibet	Program Services Afghanistan	Gaza	Total		Management	Fundraising
Salaries	\$ 5,040	-	-	-	5,040	3,258	-	\$ 8,298
Payroll Taxes	1,016	-	-	-	1,016	770	-	1,786
Total Salaries and related expenses	6,056	-	-	-	6,056	4,028	-	10,084
Program awards and grants	68,646	33,600	5,000	5,000	112,246	-	-	112,246
Donated professional services	11,800	-	-	-	11,800	-	-	11,800
Other program expenses	4,113	-	1,270	-	5,383	-	-	5,383
Business expenses	1,595	45	2	-	1,642	454	-	2,096
Contract services	2,038	-	-	-	2,038	660	1,550	4,248
Office Rent	-	-	-	-	-	565	-	565
Depreciation	1,526	-	-	-	1,526	92	-	1,618
Dues and subscriptions	-	-	-	-	-	99	99	198
Postage	53	-	42	-	95	159	-	254
Printing and copying	188	-	-	-	188	388	805	1,381
Supplies	461	-	-	-	461	495	14	970
Telephone and internet	420	-	53	-	473	1,317	-	1,790
Insurance	-	-	-	-	-	800	79	879
Travel	14,329	-	-	740	15,069	100	-	15,169
Miscellaneous	-	-	-	-	-	80	-	80
Total Expenses	\$ 111,225	33,645	6,367	5,740	156,977	9,237	2,547	\$ 168,761

See independent accountants' review report  
See accompanying notes to financial statements.

Global Roots

**STATEMENT OF CASH FLOWS**

Year ended December 31, 2011

	<u>2011</u>
<b>Operating Activities:</b>	
Increase (decrease) in net assets	\$ (20,034)
Depreciation	1,618
Increase in prepaid rent	(770)
Increase in accounts payable	275
Donation of furniture and equipment	<u>(950)</u>
Net Cash provided by (used in) operating activities	(19,861)
<b>Investing Activities:</b>	
Purchases of furniture and equipment	<u>-</u>
Net Cash used in investing activities	-
Net increase in Cash	(19,861)
Cash - beginning of year	<u>24,938</u>
<b>Cash - end of year</b>	<b>\$ <u>5,077</u></b>

See independent accountants' review report  
See accompanying notes to financial statements.

## Global Roots

### NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2011

#### **(1) Nature of operations and summary of significant accounting policies**

The Organization was incorporated under the laws of the State of Washington on December 6, 2006. Global Roots is a non-profit organization dedicated support local humanitarians in their efforts to improve the lives of needy children around the world. Global Roots works with local humanitarians in distressed places to create children's gardens that provide havens of tranquility for children to learn, heal and feel love. Gardens start with vegetables and chicken egg farms, and where appropriate the program can expand to vocational schools, medical clinics and foster centers. Currently, Global Roots has programs in Kenya, Tibet, Afghanistan and Gaza.

**Method of Accounting:** The Organization maintains its records and prepares its financial statements using the accrual basis of accounting accordance with generally accepted accounting principles.

**Cash and Cash Equivalents:** Cash and cash equivalents consist of a checking account, as well as one money market account.

**Financial Statement Presentation:** Financial statement presentation follows the recommendations of the FASB ASC 958-210-55 for Not-for-Profit Entities. Global Roots reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

At December 31, 2011, Global Roots had no temporarily or permanently restricted net assets

**Contributions:** Global Roots records revenue in accordance with FASB ASC 958-605-45. Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily restricted or permanently restricted net assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions

**Contributed Services:** FASB ASC 958-605-55 requires the value of donated services to be recognized in the financial statements, for services that (a) create or enhance a nonfinancial asset or (b) specialized skills, provided by entities or persons possessing those skills, that would be purchased if they were not donated. During the year ended December 31, 2011, 295 hours were contributed by educational, nutritional care giving and information technology specialists that meet the requirements for recognition in the financial statements. Global Roots received hundreds of hours of additional volunteer time that does not meet the requirements for recognition.



## Global Roots

### NOTES TO FINANCIAL STATEMENTS (continued)

Year ended December 31, 2011

#### **(1) Nature of operations and summary of significant accounting policies,** (continued)

**Furniture and Equipment:** All acquisitions of furniture and equipment over \$150 are capitalized. Furniture and equipment are stated at cost. Donated furniture and equipment are recorded at their estimated fair market value at the time of donation. Depreciation is computed on the straight line method over seven years, the estimated useful lives of the assets.

**Allocation of Functional Expenses:** The costs of providing the various programs and other activities have been summarized in the Statement of Activities. Certain costs, including salaries, occupancy, and depreciation have been allocated among the programs and supporting services benefited. Based on these allocations 92% of revenue is spent on programs and 8% is spent on management and fundraising.

**Income Taxes:** Global Roots is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Thus, no provision for income taxes is included in the accompanying statements.

**Estimates:** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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

#### **(2) Furniture and Equipment**

As of December 31, 2011, costs of furniture and equipment are as follows:

	<b><u>2011</u></b>
Furnishings	950
Equipment	<u>11,163</u>
	12,113
Accumulated depreciation	<u>(3,212)</u>
Total net furniture and equipment	\$ <b><u>8,901</u></b>

#### **(3) Non Cash Investing Transactions**

During the year ended December 31, 2011, Global Roots received donated furniture and office furnishings with estimated fair market value of \$950.

#### **(4) Subsequent events**

Management has evaluated subsequent events through March 30, 2012, the date that the financial statements were available to be issued.