

GLOBAL ACTION FOR CHILDREN
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2008

FRIEDMAN & ASSOCIATES, P.C.
Certified Public Accountants

401 North Washington Street, Suite 920, Rockville, MD 20850

GLOBAL ACTION FOR CHILDREN
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2008

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	
EXHIBIT A	-
STATEMENT OF FINANCIAL POSITION -	
DECEMBER 31, 2008	
EXHIBIT B	-
STATEMENT OF ACTIVITIES FOR THE YEAR ENDED	
DECEMBER 31, 2008	
EXHIBIT C	-
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED	
DECEMBER 31, 2008	
NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2008	-
OTHER FINANCIAL INFORMATION	
EXHIBIT D	-
STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED	
DECEMBER 31, 2008	

FRIEDMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

401 NORTH WASHINGTON STREET, SUITE 920
ROCKVILLE, MARYLAND 20850
PHONE: 301-279-8900
FAX: 240-268-6906
www.friedcpa.com

March 26, 2009

Board of Directors
Global Action for Children
1413 K Street, N.W., Suite 600
Washington, D.C. 20005

Independent Auditors' Report

Dear Members of the Board:

We have audited the accompanying statement of financial position of Global Action for Children (a nonprofit organization) as of December 31, 2008 and the related statements of activities and cash flows for the year ended December 31, 2008. 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.

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 Action for Children as of December 31, 2008 and the changes in its net assets and its cash flows for the year ended December 31, 2008 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 basic financial statements taken as a whole. The schedule of functional expenses on Exhibit D is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Friedman & Associates, P.C.
Certified Public Accountants

GLOBAL ACTION FOR CHILDREN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

	ASSETS
	<u>CURRENT ASSETS</u>
	Cash and Cash Equivalents (Note 1)
	Accounts Receivable (Note 1)
	Grants Receivable (Note 1)
	Prepaid Expenses
	Total Current Assets
	<u>FIXED ASSETS (Note 1)</u>
	Furniture and Fixtures
	Computer Equipment
	Telephone Equipment
	Website
	Less: Accumulated Depreciation
	Net Fixed Assets
	<u>OTHER ASSETS</u>
	Deposits
	Total Other Assets
	<u>TOTAL ASSETS</u>
	\$ 945,760
	45,855
	\$ 5,896
	Total Current Assets
	Total Current Liabilities
	<u>TOTAL LIABILITIES</u>
	COMMITMENTS (Note 1)
	<u>NET ASSETS</u>
	Unrestricted
	Temporarily Restricted (Note 5)
	Total Net Assets
	<u>TOTAL LIABILITIES AND NET ASSETS</u>
	\$ 979,389
	500,000
	\$ 479,389
	Total Current Liabilities
	Accounts Payable
	Accrued Expenses
	Total Current Liabilities
	<u>LIABILITIES AND NET ASSETS</u>
	<u>CURRENT LIABILITIES</u>
	Accounts Payable
	Accrued Expenses
	Total Current Liabilities
	<u>TOTAL LIABILITIES</u>
	COMMITMENTS (Note 1)
	<u>NET ASSETS</u>
	Unrestricted
	Temporarily Restricted (Note 5)
	Total Net Assets
	<u>TOTAL LIABILITIES AND NET ASSETS</u>
	\$ 997,511
	18,122
	\$ 18,122
	Total Current Assets
	Total Current Liabilities
	<u>TOTAL LIABILITIES</u>
	COMMITMENTS (Note 1)
	<u>NET ASSETS</u>
	Unrestricted
	Temporarily Restricted (Note 5)
	Total Net Assets
	<u>TOTAL LIABILITIES AND NET ASSETS</u>
	\$ 997,511

The accompanying notes are an integral part of this financial statement.

GLOBAL ACTION FOR CHILDREN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE	\$ 251,153	\$ -	\$ 251,153
Contributions			
Contributions: In-kind (Note 4)	25,374	-	25,374
Grants	-	-	-
Investment Interest Income	11,173	-	11,173
Other Income	13,985	-	13,985
Net assets released from restrictions: Restrictions satisfied by payments	100,000	(100,000)	-
TOTAL SUPPORT AND REVENUE	\$ 401,685	\$ 500,000	\$ 901,685
EXPENSES (Exhibit D)	\$ 399,349	\$ -	\$ 399,349
Program Services	184,922	-	184,922
General & Administrative	127,584	-	127,584
Fund-raising	-	-	-
TOTAL EXPENSES	\$ 711,855	\$ -	\$ 711,855
CHANGE IN NET ASSETS	(\$ 310,170)	\$ 500,000	\$ 189,830
NET ASSETS AT BEGINNING OF YEAR	\$ 789,559	\$ -	\$ 789,559
NET ASSETS AT END OF YEAR	\$ 479,389	\$ 500,000	\$ 979,389

The accompanying notes are an integral part of this financial statement.

GLOBAL ACTION FOR CHILDREN
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Increase in Net Assets	\$ 189,830
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation		
	\$ 11,955	
Changes in Assets and Liabilities:		
(Increase) in Contributions Receivable	(\$ 1,570)	
(Increase) in Grants Receivable	(82,742)	
(Increase) in Prepaid Expenses	(11,738)	
Decrease in Inventory	237	
(Increase) in Deposits	(1,475)	
Increase in Accounts Payable	103	
(Decrease) in Accrued Expenses	(3,300)	
Total Adjustments		
Net Cash Provided by Operating Activities	(\$ 88,530)	
	\$ 101,300	
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Furniture, Fixtures and Equipment		
	(\$ 4,024)	
Net Cash Used by Investing Activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	(\$ 4,024)	
CASH AND CASH EQUIVALENTS - BEGINNING	\$ 97,276	
CASH AND CASH EQUIVALENTS - ENDING	\$ 730,506	
	\$ 827,882	
	\$ 0	
	INTEREST EXPENSE	

The accompanying notes are an integral part of this financial statement.

GLOBAL ACTION FOR CHILDREN
 STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED TO DECEMBER 31, 2008

	PROGRAM	GENERAL AND ADMINISTRATIVE	FUND-RAISING	TOTAL
EXPENSES	\$ 227,372	\$ 93,286	\$ 38,172	\$ 358,830
Salaries	28,147	16,470	4,989	49,606
Employee Benefits				
Total Salaries and Employee Benefits	\$ 255,519	\$ 109,756	\$ 43,161	\$ 408,436
Advertising	\$ 1,134	\$ 1,869	\$ -	\$ 3,003
Awards & Grants	10,500	-	-	10,500
Communications & Outreach	6,100	1,216	-	7,316
Conferences & Meetings	6,189	1,736	405	8,330
Depreciation	7,231	3,513	1,211	11,955
Equipment Rental, Repair & Maintenance	2,326	923	447	3,696
Fund Raising Expense	-	-	49,762	49,762
Insurance	-	4,905	-	4,905
Media & Promotions	5,400	2,420	11,450	19,270
Occupancy (Note 3)	40,034	15,537	7,185	62,756
Office Supply & Expense	3,324	8,295	1,565	13,184
Postage & Shipping	1,036	854	193	2,083
Printing & Reproduction	2,247	3,792	238	6,277
Professional Fees	30,926	25,187	5,954	62,067
Telephone	10,393	3,404	2,011	15,808
Travel	16,990	1,515	4,002	22,507
Total Expenses	\$ 399,349	\$ 184,922	\$ 127,584	\$ 711,855

The accompanying notes are an integral part of these financial statements.

GLOBAL ACTION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES

ORGANIZATION:

Global Action for Children (GAC) was incorporated in the District of Columbia on November 2, 2006 and is a not-for-profit organization as defined under Section 501(c)(3) of the Internal Revenue Code. The IRS determination letter recognizing the organization's tax exempt status was received on November 16, 2007.

GAC was launched in September 2003 to respond to three closely interrelated crises of global HIV/AIDS, poverty and child survival. GAC began as a coalition of faith-based, nongovernmental, and student organizations committed to mobilizing the political will and financial resources needed to provide comprehensive support to orphans and highly vulnerable children in developing countries.

GAC is a non-partisan coalition whose mission is to improve the lives of orphans and other highly vulnerable children in the developing world by advocating for:

- Improved policies and expanded investment in proven interventions;
- Increased effectiveness in programs; and
- Ensuring efficient spending of taxpayer dollars to serve as many children as possible.

GAC previously operated under a fiscal agent agreement with Global Aids Alliance. In September 2007, GAC terminated this operating agreement.

METHOD OF ACCOUNTING:

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for not-for-profit organizations. They are stated on the accrual basis and include all material receivables and payables.

BASIS OF PRESENTATION:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: unrestricted net assets and temporarily restricted net assets. In addition, the Organization is required to present a statement of cash flows.

CONTRIBUTIONS:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donated materials and equipment are recorded at their fair market value.

GLOBAL ACTION FOR CHILDREN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2008

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES AND FINANCIAL POLICIES (CONTINUED)

CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist primarily of amounts due from donors that were not received by GAC at the year-end. Management periodically reviews the collectability of accounts receivable. No reserve for doubtful accounts has been established as management believes all amounts to be collectible. The grant receivable at December 31, 2008 of \$ 92,479 was due from the Bill & Melinda Gates Foundation.

FIXED ASSETS:

Fixed assets are stated at cost. Items costing less than \$500 are charged to expense when acquired. Depreciation is computed using the straight-line method over the estimated useful lives of the fixed assets as follows:

ASSETS	ESTIMATED USEFUL LIFE
Equipment	3 to 7 years
Website	5 years
Furniture and fixtures	7 years

STATEMENT OF CASH FLOWS:

Cash and cash equivalents represent cash and short-term investments with original maturities of three months or less.

FUNCTIONAL ALLOCATION OF EXPENSES:

The cost of providing the various programs and other activities has been summarized on a functional basis. Directly identifiable expenses are charged to the programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but instead, provide for overall support and direction of GAC.

USE OF ESTIMATES:

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains several bank accounts. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, GAC's cash balances exceeded the FDIC amount. Management believes the risk in these institutions to be minimal.

GLOBAL ACTION FOR CHILDREN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 3 - LEASE COMMITMENTS

During 2008, GAC entered into an agreement to lease office space for five years with annual rent increases 3%. In addition, at the commencement of the 2nd lease year and each year thereafter, GAC is responsible for any increases in operating expenses and real estate taxes over a 2009 base year.

At December 31, 2008, GAC's minimum rental payments over the life of the lease are as follows:

	For the year ended	
	December 31, 2009	\$ 46,862
	December 31, 2010	66,339
	December 31, 2011	68,330
	December 31, 2012	70,379
	December 31, 2013	72,490
	For the period ended	
	February 28, 2014	12,141
	Total	<u>\$ 336,541</u>

Rent expense for the year ended December 31, 2008 was \$62,756.

NOTE 4 - IN-KIND CONTRIBUTIONS

GAC received donated graphic design and print services in the support of the organization's holiday cards. The fair value of these services has been reflected as revenue and program expense in the accompanying financial statements equal to what the donors would charge for similar services offered to the public.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

The organization has temporarily restricted net assets at December 31, 2008 of \$500,000. The components are as follows:

Bill & Melinda Gates Foundation	\$ 500,000
Total	<u>\$ 500,000</u>

NOTE 6 - CONCENTRATIONS

GAC receives 97% of its income from grants and contributions.

OTHER FINANCIAL INFORMATION

