



**GEORGIA TECH GLOBAL, INC.**

**FINANCIAL STATEMENTS**

*As of and for the Year Ended June 30, 2016*

*And Independent Accountant's Review Report*

**GEORGIA TECH GLOBAL, INC.**

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## Independent Accountant's Review Report

To the Board of Directors of  
Georgia Tech Global, Inc.  
Atlanta, Georgia

We have reviewed the accompanying financial statements of the business-type activities of Georgia Tech Global, Inc. ("GTGI"), a Georgia non-profit organization, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise GTGI's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the 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'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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, except for the issue noted in the *Known Departure From Accounting Principles Generally Accepted in the United States of America* paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Known Departure from Accounting Principles Generally Accepted in the United States of America

Management has not included financial statements or financial data for Georgia Tech Panama Foundation and Georgia Tech Costa Rica, Ltda in GTGI's financial statements. Accounting principles generally accepted in the United States of America requires GTGI to include the financial statements or financial data of Georgia Tech Panama Foundation and Georgia Tech Costa Rica, Ltda as a part of the activities of GTGI, thus increasing GTGI's assets, liabilities, revenues, and expenses, and changes in its net position. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the business-type activities of GTGI has not been determined.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

*Cherry Bekart LLP*

December 16, 2016  
Atlanta, Georgia

**GEORGIA TECH GLOBAL, INC.**  
**STATEMENT OF NET POSITION**

*JUNE 30, 2016*  
*(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)*

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**ASSETS**

Current Assets:

Cash	\$	44,372
Accounts receivable from affiliated organizations		<u>4,239</u>

<b>Total Assets</b>		<u><u>48,611</u></u>
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**LIABILITIES**

Current Liabilities:

Accounts payable		<u>6,615</u>
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<b>Total Liabilities</b>		<u><u>6,615</u></u>
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**NET POSITION**

Unrestricted		<u>41,996</u>
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<b>Total Net Position</b>	\$	<u><u>41,996</u></u>
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**GEORGIA TECH GLOBAL, INC.****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION***YEAR ENDED JUNE 30, 2016**(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)*

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Operating Revenues:	
Contributions	\$ 325,752
Total Operating Revenues	<u>325,752</u>
Operating Expenses:	
Operating support provided to affiliated organization	190,000
Consulting fees	139,987
General and administrative	15,737
Total Operating Expenses	<u>345,724</u>
Loss from operations	<u>(19,972)</u>
Decrease in net position	(19,972)
Net position, beginning of year	<u>61,968</u>
Net position, end of year	<u><u>\$ 41,996</u></u>

**GEORGIA TECH GLOBAL, INC.**  
**STATEMENT OF CASH FLOWS**

*YEAR ENDED JUNE 30, 2016*  
*(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)*

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**Cash flows from operating activities:**

Contributions received	\$	321,513
Operating support provided to affiliated organization		(190,000)
Payments to vendors		(149,109)
		<hr/>
Net cash used in operating activities		(17,596)
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Net decrease in cash		(17,596)
Cash, beginning of year		61,968
		<hr/>
Cash, end of year	\$	<u>44,372</u>

**Reconciliation of operating loss to net cash  
from operating activities:**

Operating loss	\$	(19,972)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		
Accounts receivable from affiliated organizations		(4,239)
Accounts payable		6,615
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Net cash used in operating activities	\$	<u>(17,596)</u>

# GEORGIA TECH GLOBAL, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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### Note 1—Description of organization

Georgia Tech Global Inc. (“GTGI”) was established September 25, 2009, as a not-for-profit corporation affiliated with the Georgia Institute of Technology (“GIT”), a unit of the University System of the State of Georgia. GTGI was established for the purpose of engaging in charitable, scientific, literary, and educational purposes and to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, GIT and to support the international activities and initiatives of GIT. In 2009, GTGI entered into a Memorandum of Understanding with GIT designating GTGI as a Cooperative Organization (“Cooperative Agreement”).

GTGI serves as the contracting entity for certain international activities and initiatives of GIT.

Effective July 1, 2010, GTGI began serving as one of the "Controlling Institutions," along with the National University of Ireland, Galway and the University of Limerick, under a Membership Agreement with Georgia Tech Ireland, a company limited by guarantee under Irish law. GTGI has no ownership interest in Georgia Tech Ireland. GT Ireland was dissolved during the fiscal year ended 2015.

GTGI is the Founder and Foundation Council of the Georgia Tech Panama Foundation. The Georgia Tech Panama Foundation is a private foundation governed by the laws of the Republic of Panama, formed in August 2010, to support the educational, research and economic development activities of GIT in Panama. These financials do not include the financial statements or financial data for Georgia Tech Panama Foundation.

GTGI is the sole quota holder of Georgia Tech Costa Rica, Ltda. a limited liability company formed in accordance with the Costa Rican Commerce Code on April 7, 2009, in order to support the operation of a Trade-chain Innovation and Productivity Center established by the Supply Chain and Logistics Institute of GIT in San Jose, Costa Rica. Georgia Tech Costa Rica, Ltda. began operations on August 1, 2010. These financial statements do not include the financial statements or financial data for Georgia Tech Costa Rica, Ltda.

GTGI is one of four full members of Institute Lafayette in Metz, France. Institute Lafayette provides state-of-the-art nanofabrication facilities for innovations in optoelectronics and advanced materials research. The additional members of Institute Lafayette are Georgia Tech Lorraine, The General Council of Moselle, and the Urban Community – Metropole of Metz. The members do not have a profit sharing interest in Institute Lafayette.

### Note 2—Significant accounting policies

GTGI's financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) as prescribed by the Governmental Accounting Standards Board (“GASB”). In accordance with GAAP the financial statements of GTGI have been prepared on the accrual basis of accounting and are presented in conformity with GAAP.

For financial reporting purposes, GTGI has included all funds and organizations, except for financial statements or financial data for Georgia Tech Panama Foundation and Georgia Tech Costa Rica, Ltda, and has considered all potential component units for which GTGI is financially accountable, and other organizations for which the nature and significance of their relationship with GTGI are such that exclusion would cause GTGI's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of GTGI to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on GTGI.

**GEORGIA TECH GLOBAL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2016

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**Note 2—Significant accounting policies (continued)**

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements:

*Revenue Recognition* – All of GTGI’s contributions revenue is derived from contributions received by GIT or GIT related organizations to support the international activities and initiatives of GIT. GTGI classifies revenues generated from within its normal operating cycle such as grants or contributions as operating income. Revenues that are not generated during the normal operating cycle are classified as nonoperating revenues.

*Cash* – At June 30, 2016, the bank balance was \$44,372 and the book balance was \$44,372. At times, cash balances may exceed federally insured amounts. GTGI mitigates this risk by depositing and investing cash with a major financial institution in the United States of America. GTGI has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on cash. At June 30, 2016, the bank balance was fully insured by the Federal Deposit Insurance Corporation.

*Net Position* – Unrestricted net position represents resources derived from grants and contributions. These resources are used for the on-going operations of GTGI and may be used at the discretion of the governing board to meet current expenses for those purposes and to enhance programs at GIT. All of GTGI’s net position is unrestricted.

*Federal Income Taxes* – GTGI is exempt from income taxes as provided by Section 501(c)(3) of the Internal Revenue Code (the “Code”), whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

*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 these estimates.

**Note 3—Contributed services**

GIT employees provide all personnel support needed for the operations of GTGI pursuant to the Cooperative Agreement between GTGI and GIT. GIT does not separately track the value of the payroll and related benefits cost provided by its employees to GTGI. During the year ended June 30, 2016, GTGI did not reimburse GIT for any of these costs.

**Note 4—Transactions with affiliated organizations**

GTGI received the following contributions from affiliated organizations during the year ended June 30, 2016:

Georgia Tech Foundation	\$ 322,087
Georgia Tech Research Corporation	3,665
	<u>\$ 325,752</u>

GTGI made the following payments to provide operating support to affiliated organizations during the year ended June 30, 2016:

Georgia Tech Costa Rica Ltda.	<u>\$ 190,000</u>
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**GEORGIA TECH GLOBAL, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2016*

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**Note 5—Subsequent events**

The restructuring of operations in Costa Rica was initiated during the year ended June 30, 2014, with the creation of a Costa Rican nonprofit foundation, Georgia Tech Costa Rica Foundation, on which GT Global holds the position of Chair. This new entity became fully operational on July 15, 2016, upon the transfer of assets from GT Costa Rica, Ltda. No activity occurred under Georgia Tech Costa Rica Foundation until this transfer of assets. GT Costa Rica, Ltda. has not yet been dissolved as of the date of this report.

Subsequent events have been evaluated through December 16, 2016, the date these financial statements were available to be issued.