

**Georgia Tech Global, Inc.**

**Financial Statements**

**As of and for the Year Ended June 30, 2012**

**with**

**Independent Accountants' Review Report**

**Georgia Tech Global, Inc.**  
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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of the business-type activities of Georgia Tech Global, Inc. ("GTGI"), a component unit of the Georgia Institute of Technology ("GIT"), as of and for the year ended June 30, 2012, 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 of GTGI. 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, with the exception of the matters described in the following paragraphs, we are not aware of any material modifications that should be made to the accompanying financial statements for them to be in conformity with 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 require 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 assets. The amount by which this departure would affect the assets, liabilities, net assets, 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, Bekaert & Holland, S.C.P.*

November 27, 2012  
Atlanta, Georgia

**Georgia Tech Global, Inc.**

**Statement of Net Assets**

**June 30, 2012**

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**ASSETS**

**Current assets:**

Cash	\$	<u>3,205</u>
Total current assets	\$	<u><u>3,205</u></u>

**NET ASSETS**

<b>Unrestricted net assets</b>	\$	3,205
Total liabilities and net assets	\$	<u><u>3,205</u></u>

See notes to financial statements and accountants' review report.

**Georgia Tech Global, Inc.**

**Statement of Revenues, Expenses and Changes in Net Assets**

**For the Year Ended June 30, 2012**

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<b>Operating revenues:</b>	
Contributions	\$ 200,000
On behalf payments	184,807
Total operating revenues	<u>384,807</u>
<b>Operating expenses:</b>	
Payments to affiliated organizations	363,878
General and administrative	20,979
Total operating expenses	<u>384,857</u>
<b>Loss from operations</b>	<u>(50)</u>
<b>Decrease in net assets</b>	(50)
<b>Net assets, beginning of year</b>	3,255
<b>Net assets, end of year</b>	<u>\$ 3,205</u>

See notes to financial statements and accountants' review report.

**Georgia Tech Global, Inc.**

**Statement of Cash Flows**

**For the Year Ended June 30, 2012**

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**Cash flows from operating activities:**

Contributions received	\$	200,000
Payments to affiliated organizations		(200,000)
Payments to vendors		<u>(50)</u>
Net cash used in operating activities		<u>(50)</u>

**Net decrease in cash** (50)

<b>Cash, beginning of year</b>		<u>3,255</u>
<b>Cash, end of year</b>	\$	<u><u>3,205</u></u>

**Reconciliation of operating loss to net cash used in operating activities:**

Operating loss	\$	(50)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Changes in assets and liabilities:		-
Net cash used in operating activities	\$	<u><u>(50)</u></u>

See notes to financial statements and accountants' review report.

# Georgia Tech Global, Inc.

## Notes to Financial Statements

For the Year Ended June 30, 2012

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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.

In accordance with accounting principles generally accepted in the United States of America (“GAAP”) applicable to governments GTGI is a component unit of GIT.

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.

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 the 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 the GIT in San Juan, 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.

### 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 GTRC have been prepared on the accrual basis of accounting and are presented in conformity with GAAP.

# Georgia Tech Global, Inc.

## Notes to Financial Statements

For the Year Ended June 30, 2012

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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

GTGI's contribution 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 non-operating revenues.

#### Cash

At June 30, 2012, the bank balance was \$3,205 and the book balance was \$3,205. 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, 2012, the bank balance was fully insured by the Federal Deposit Insurance Corporation.

#### 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.

#### 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. Management has evaluated the effect of GAAP guidance on Accounting for Uncertainty in Income Taxes and believes it continues to satisfy the requirements of tax-exempt organizations and therefore had no uncertain income tax positions at June 30, 2012.

GTGI's federal Return for Organization Exempt from Income Tax for 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

#### Net Assets

Unrestricted net assets represent resources derived from grants and contributions. These resources are used for the ongoing 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 assets are unrestricted.



# Georgia Tech Global, Inc.

## Notes to Financial Statements

For the Year Ended June 30, 2012

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### Subsequent Events

As part of a corporate restructuring event the GTGI Board of Directors ("Board") adopted a resolution on November 26, 2012 that will dissolve Georgia Tech Costa Rica, Ltda. upon completion of its contract with La Nacion.

Subsequent events have been evaluated through November 27, 2012, the date these financial statements were available to be issued.

### NOTE 3 – CONTRIBUTED SERVICES

GIT employees provide all personnel support needed for the operations of GTGI. 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, 2012 GTGI did not reimburse GIT for any of these costs.

### NOTE 4 – ON BEHALF PAYMENTS

Certain expenses of GTGI are paid with funds provided by GIT or GIT related entities or are paid directly by GIT or GIT related entities on behalf of GTGI. These amounts are reported as on behalf payments in the statement of revenues, expenses and changes in net assets. During the year ended June 30, 2012 the following entities either paid directly or provided funds to pay GTGI expenses as follows:

	2012
GIT	\$ 18,090
Georgia Tech Research Corporation	2,839
Georgia Tech Research Institute	163,878
Total	<u>\$ 184,807</u>

### NOTE 5 – COMMITMENTS

At June 30, 2012 GTGI is committed to contribute 125,000 Euro to Georgia Tech Ireland as an additional capital contribution.