



GEORGIA TECH GLOBAL, INC.

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2013

And Independent Accountant's Review Report

GEORGIA TECH GLOBAL, INC.

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT’S REVIEW REPORT..... 1

FINANCIAL STATEMENTS

Statement of Net Position 2
Statement of Revenues, Expenses and Changes in Net Position..... 3
Statement of Cash Flows 4
Notes to Financial Statements 5-7

Independent Accountant's 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, 2013, 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 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 Bekaert LLP

October 25, 2013
Atlanta, Georgia

GEORGIA TECH GLOBAL, INC.
STATEMENT OF NET POSITION

JUNE 30, 2013

ASSETS

Current Assets:

Cash \$ 12,636

Total Current Assets \$ 12,636

Net Position:

Unrestricted net position \$ 12,636

Total Net Position \$ 12,636

GEORGIA TECH GLOBAL, INC.**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***FOR THE YEAR ENDED JUNE 30, 2013*

Operating revenues:		
Contributions	\$	218,680
On behalf payments		<u>5,445</u>
Total operating revenues		<u>224,125</u>
 Operating expenses:		
Payments to affiliated organizations		200,000
General and administrative		<u>14,694</u>
Total operating expenses		<u>214,694</u>
 Income from operations		<u>9,431</u>
 Increase in net position		9,431
Net position, beginning of year		<u>3,205</u>
Net position, end of year	\$	<u><u>12,636</u></u>

GEORGIA TECH GLOBAL, INC.
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

Cash flows from operating activities:

Contributions received	\$	224,125
Payments to affiliated organizations		(200,000)
Payments to vendors		<u>(14,694)</u>
Net cash provided by operating activities		9,431

Net increase in cash 9,431

Cash, beginning of year 3,205

Cash, end of year \$ 12,636

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income \$ 9,431

Adjustments to reconcile operating income to
net cash used in operating activities:

Changes in assets and liabilities: -

Net cash provided by operating activities \$ 9,431

GEORGIA TECH GLOBAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

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, Puerto Rico. 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 GTGI have been prepared on the accrual basis of accounting and are presented in conformity with GAAP.

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 non-operating revenues.

GEORGIA TECH GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Note 2—Significant accounting policies (continued)

Cash – At June 30, 2013, the bank balance was \$12,636 and the book balance was \$12,636. 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, 2013, the bank balance was fully insured by the Federal Deposit Insurance Corporation.

Net Position – Unrestricted net position represent 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.

Recent Accounting Pronouncements – During the year ended June 30, 2013, GTGI adopted issued Statements of Governmental Accounting Standards ("SGAS") No. 61, *The Financial Reporting Entity: Omnibus* amends GASB Statements No. 14 and 34 regarding the assessment of potential component units to be included in the reporting entity. Certain organizations are required to be included as component units because they are fiscally dependent on the primary government. In addition to fiscal dependency, the pronouncement now requires that a financial benefit or burden be present between the primary government and the potential component unit in order for it to be included in the reporting entity of the primary government. The pronouncement also changes and adds new criteria for determining whether a component unit should be blended or discretely presented. The adoption of this statement did not have an impact on GTGI's financial reporting entity.

During the year ended June 30, 2013, GTGI adopted the provisions of SGAS No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature, certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' ("AICPA") Committee on Accounting Procedures; the provisions of SGAS 62 additionally eliminates the election provided in SGAS No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

During the year ended June 30, 2013, GTGI adopted SGAS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. SGAS No. 63 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in SGAS No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The adoption of SGAS No. 63 did not result in a change to beginning net position.

GEORGIA TECH GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Note 2—Significant accounting policies (continued)

In March 2012, the GASB issued SGAS No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The guidance provided in SGAS No. 65 will be effective for GTGI for the year ending June 30, 2014. The provisions of SGAS No. 65 are not expected to have a significant effect on the net position of GTGI.

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. 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, 2013, GTGI did not reimburse GIT for any of these costs.

Note 4—On behalf of 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, 2013, the following entities either paid directly or provided funds to pay GTGI expenses as follows:

	2013
GIT	\$ <u>5,445</u>
Total	\$ <u><u>5,445</u></u>

Note 5—Subsequent events

There are plans to restructure Georgia Tech Costa Rica, Ltda. during FY2014, after which it will no longer be a subsidiary of GTGI. After the restructuring occurs, in lieu of its current status as the sole member of GT Costa Rica, Ltda., GTGI will have a seat on the Board of the new entity.