

GEORGIA TECH GLOBAL, INC.

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2014

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.

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, 2014, 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 6, 2014
Atlanta, Georgia

GEORGIA TECH GLOBAL, INC.
STATEMENT OF NET POSITION

JUNE 30, 2014

ASSETS

Current Assets:

Cash \$ 24,073

Total Current Assets \$ 24,073

Net Position:

Unrestricted net position \$ 24,073

Total Net Position \$ 24,073

GEORGIA TECH GLOBAL, INC.**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION***FOR THE YEAR ENDED JUNE 30, 2014*

Operating revenues:

Contributions	\$	<u>258,705</u>
Total operating revenues		<u>258,705</u>

Operating expenses:

Payments to affiliated organizations	208,705
General and administrative	<u>38,563</u>
Total operating expenses	<u>247,268</u>

Income from operations11,437

Increase in net position

11,437

Net position, beginning of year

12,636

Net position, end of year

\$ 24,073

GEORGIA TECH GLOBAL, INC.
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

Cash flows from operating activities:

Contributions received	\$	258,705
Payments to affiliated organizations		(208,705)
Payments to vendors		<u>(38,563)</u>
Net cash provided by operating activities		11,437
Net increase in cash		11,437
Cash, beginning of year		<u>12,636</u>
Cash, end of year	\$	<u><u>24,073</u></u>

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

Operating income	\$	11,437
Adjustments to reconcile operating income to net cash used in operating activities:		
Changes in assets and liabilities:		<u>-</u>
Net cash provided by operating activities	\$	<u><u>11,437</u></u>

GEORGIA TECH GLOBAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

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.

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.

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, 2014

Note 2—Significant accounting policies (continued)

Cash – At June 30, 2014, the bank balance was \$24,073 and the book balance was \$24,073. 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, 2014, 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.

Recent Accounting Pronouncements – During the year ended June 30, 2014, GTGI adopted SGAS No. 65, *Items Previously Reported as Assets and Liabilities*. SGAS No. 65 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 adoption of SGAS No. 65 did not result in a change to beginning net position.

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, 2014, 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, 2014:

Georgia Tech Foundation	\$ 258,705
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GTGI made the following payments to affiliated organizations during the year ended June 30, 2014:

Georgia Tech Costa Rica Ltda.	\$ 200,000
Georgia Tech Research Corporation	8,705
	<u>\$ 208,705</u>

GEORGIA TECH GLOBAL, INC.
NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Note 5—Subsequent events

During the year ended June 30, 2014, there were plans to dissolve Georgia Tech Ireland due to a mismatch in personnel and activities. As of year-end, the Irish entity still existed as a corporation under Irish Law due to residual dissolutions issues. GT Ireland is expected to be fully dissolved by the end of the fiscal year ending June 30, 2015.

The restructuring of operations in Costa Rica was initiated during the year ended June 30, 2014 with the creation of a Costa Rican non-profit foundation on which GT Global holds the position of Chair. This new entity is not yet operational, pending completion of legal formation requirements for foundations organized under the laws of Costa Rica. Upon finalization of this new entity, the assets of GT Costa Rica, Ltda. will be transferred to the new foundation and GT Costa Rica, Ltda. will be dissolved. It is anticipated that the transfer of its assets and dissolution of GT Costa Rica, Ltda. will occur during the fiscal year 2015.

Subsequent events have been evaluated through October 6, 2014, the date these financial statements were available to be issued.