

GLOBAL POVERTY PROJECT, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2011

GLOBAL POVERTY PROJECT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Global Poverty Project, Inc.

We have audited the accompanying statement of financial position of Global Poverty Project, Inc. (a not-for-profit organization) ("GPP") as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of GPP'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 Poverty Project, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

MBAF CPAs, LLC

New York, NY
September 28, 2012

GLOBAL POVERTY PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

December 31,	2011
Assets:	
Cash	\$ 1,389,908
Contributions receivable	262,000
Vehicle, net	4,386
Total Assets	\$ 1,656,294
Liabilities and Net Assets:	
Liabilities:	
Accounts payable and accrued expenses	\$ 235,618
Deferred sublease income	4,000
Total Liabilities	239,618
Net Assets:	
Unrestricted	1,391,676
Temporarily restricted	25,000
Total net assets	1,416,676
Total Liabilities and Net Assets	\$ 1,656,294

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

GLOBAL POVERTY PROJECT, INC.

STATEMENT OF ACTIVITIES

Year ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
Support and revenues:			
Contributions	\$ 417,257	\$ 1,624,000	\$ 2,041,257
Contributions in-kind	182,544	-	182,544
Special events income, net of expenses of \$4,422	68,305	-	68,305
Contract fees	819,125	-	819,125
Training income	8,840	-	8,840
Other income	26,847	-	26,847
Interest income	929	-	929
Net assets released from restrictions	1,599,000	(1,599,000)	-
Total support and revenues	3,122,847	25,000	3,147,847
Expenses:			
Program	1,385,227	-	1,385,227
Management and general	357,125	-	357,125
Fundraising	75,000	-	75,000
Total expenses	1,817,352	-	1,817,352
Change in net assets	1,305,495	25,000	1,330,495
Net assets - beginning of year	86,181	-	86,181
Net assets - end of year	\$ 1,391,676	\$ 25,000	\$ 1,416,676

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

GLOBAL POVERTY PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2011

	Program Services			Supporting Services			
	Live Below The Line	The End of Polio	1.4 Billion Reasons Tour	Total Program	Management and General	Fundraising	Total
Salaries	\$ 57,889	\$ 19,296	\$ 135,075	\$ 212,260	\$ 173,668	\$ -	\$ 385,928
Payroll taxes and employee benefits	9,296	3,099	21,690	34,085	27,887	-	61,972
Advertising	-	-	947	947	-	-	947
Bank fees and related charges	-	-	-	-	876	-	876
Depreciation	-	-	1,806	1,806	-	-	1,806
Insurance	-	-	3,538	3,538	257	-	3,795
LBL campaign	69,336	-	-	69,336	-	-	69,336
Moving expense	-	-	5,000	5,000	-	-	5,000
Occupancy	1,200	400	26,952	28,552	3,600	-	32,152
Office supplies	849	-	20,898	21,747	21,795	-	43,542
Polio campaign	-	853,299	-	853,299	-	-	853,299
Postage and delivery	-	-	2,359	2,359	-	-	2,359
Printing	-	-	1,736	1,736	-	-	1,736
Professional fees	13,377	-	-	13,377	25,100	-	38,477
Repairs and maintenance	-	-	518	518	-	-	518
Road scholars' stipends	-	-	7,553	7,553	-	-	7,553
Sponsorship consulting	-	-	-	-	-	75,000	75,000
Spring Tour expenses	-	-	9,182	9,182	-	-	9,182
Telephone	-	-	-	-	5,815	-	5,815
Travel	5,327	1,776	12,430	19,533	15,982	-	35,515
In-kind legal fees	17,182	5,727	40,090	62,999	51,545	-	114,544
In-kind consulting fees	9,000	3,000	21,000	33,000	27,000	-	60,000
In-kind venue space	1,200	400	2,800	4,400	3,600	-	8,000
Total Functional Expenses	\$ 184,656	\$ 886,997	\$ 313,574	\$ 1,385,227	\$ 357,125	\$ 75,000	\$ 1,817,352

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

GLOBAL POVERTY PROJECT, INC.

STATEMENT OF CASH FLOWS

Year ended December 31,	2011
Cash flows from operating activities:	
Change in net assets	\$ 1,330,495
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,806
Changes in operating assets and liabilities:	
Contributions receivable	(250,268)
Accounts payable and accrued expenses	217,636
Deferred sublease income	4,000
Net cash provided by operating activities	1,303,669
Cash flows from investing activities:	
Purchases of property and equipment	(6,192)
Net cash used in investing activities	(6,192)
Net increase in cash	1,297,477
Cash - beginning of year	92,431
Cash - end of year	\$ 1,389,908

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ -

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

GLOBAL POVERTY PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

1. NATURE OF ORGANIZATION:

Global Poverty Project, Inc. ("GPP") was incorporated June 30, 2010. GPP is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and under the corresponding provisions of the New York State tax laws. The Organization has been classified to be a publicly supported organization and not a private foundation under IRC Section 509(a) and is qualified for deductible contributions as provided in IRC Section 170(b)(1)(A)(ii).

GPP's primary sources of income are contributions and contract fees. A summary of its programs is set forth below:

Live Below the Line – Live Below the Line is an innovative awareness and fundraising campaign that's making a difference in the fight against extreme poverty. This campaign, which was piloted in the United States in May 2011 through a relationship with CARE USA, challenges thousands of Americans to spend five days on \$1.50 a day on food and drink. In feeding themselves on the equivalent of the extreme poverty line over five days, participants gain personal insights into lack of opportunity and choice, opening a window onto the challenges faced by those living in extreme poverty.

The End of Polio – Beginning July 2011, GPP has worked with certain other organizations to run The End of Polio campaign. This campaign shares the progress towards polio eradication, while helping build the public support and momentum required to close the funding gap threatening eradication efforts. GPP's campaign includes a grassroots ambassador program, online petitions, events, bringing in key decision-makers, and securing media coverage, while working alongside partner organizations such as Rotary International and UNICEF.

1.4 Billion Reasons Tour - There are 1.4 billion people in the world living in extreme poverty. That's 1.4 billion people living without access to basic opportunities and rights. GPP developed the multi-media presentation 1.4 Billion Reasons Tour to share the facts of extreme poverty, share the successes and opportunities, and inspire audiences to understand and get involved in the movement to end extreme poverty. In early 2011, GPP's team toured the United States, delivering 70 presentations to more than 11,000 people, and sharing stories of progress fighting extreme poverty along the way.

2. SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of GPP's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

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These three classes are defined as follows:

- Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by GPP is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of GPP.
- Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by GPP is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of GPP pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets.
- Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Contributions Receivable

Contributions receivable represent unconditional promises to give by donors. For the year ended December 31, 2011, GPP had contributions receivable of \$262,000 and all were due within a year. GPP has determined that no allowance for uncollectible contributions receivable is necessary as of December 31, 2011. Such estimate is based on the GPP's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information.

The carrying value of grants and other receivables approximates net realizable value. GPP will otherwise review those receivables due in more than one year for impairment.

Vehicle

Vehicle is stated at cost and is being depreciated on the straight-line method over the estimated useful life of the asset. Maintenance and repairs are charged to expense as incurred.

Advertising

GPP expenses advertising costs as incurred. Advertising expense incurred for the year ended December 31, 2011 was \$947.

Revenue Recognition

GPP's revenue is derived primarily from private contributions and contract fees.

- Private contributions - GPP records contributions as revenue in accordance with the terms of the respective contribution arrangement. Contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions and grants are recorded when the specified conditions have been met.

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- Contract fees - This represents the amounts charged to the Bill and Melinda Gates Foundation to provide The End of Polio Campaign services. Such fees are recognized as income when earned, which is when the respective service is complete.

Donated Goods and Services

GPP receives contributed goods and services that are an integral part of its operations. Such goods and services are only recorded as in-kind contributions at their fair value, provided it meets the criteria for recognition. Such criteria includes contributions of services that (i) create or enhance non-financial assets or those that require specialized skills, (ii) are provided by individuals possessing those skills, and (iii) would typically need to be purchased if not provided by donation, and are recorded at their fair value in the period received. Donated goods and services received are estimated at \$182,544 for the year ended December 31, 2011, and is reflected as donated goods and services both as income and expense in the accompanying financial statements.

Special Events

GPP conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (such as meals and entertainment). Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of those direct costs provided at special events is measured at the actual cost to GPP. All proceeds received in excess of the direct costs are recorded as special events support in the accompanying statement of activities. For the year ended December 31, 2011, GPP reported special events income of \$72,727 and expenses of \$4,422.

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses have been allocated among program and supporting services benefited utilizing salaries as the principal basis.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

GPP has evaluated events through September 28, 2012, which is the date the financial statements were available to be issued.

Income Taxes

GPP follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

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Should there be interest on underpayments of income tax, GPP would classify it as "Interest Expense." GPP would classify penalties in connection with underpayments of tax as "Other Expense."

GPP is subject to regular audit by tax authorities. GPP believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, were such an audit to occur, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities could differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

GPP files informational returns in the United States federal and New York State jurisdictions.

- 3. CONTRIBUTIONS RECEIVABLE:** Contributions receivable consist of the following as of December 31, 2011:

Amounts due in:		
Less than one year	\$	262,000
Total	\$	262,000

- 4. PROPERTY AND EQUIPMENT:** Property and equipment consist of the following as of December 31:

	2011	Estimated Useful Lives
Vehicle	\$ 6,192	3 years
Less: accumulated depreciation	(1,806)	
	\$ 4,386	

Depreciation expense was \$1,806 for the year ended December 31, 2011.

- 5. IN-KIND CONTRIBUTIONS:** During the year ended December 31, 2011, GPP recognized total in-kind contributions of \$182,544. In-kind contributions consist of goods and services donated by corporations and individuals. Included in this amount are donated legal services, donated consulting services, and donated venue space of \$114,544, \$60,000, and \$8,000, respectively.

- 6. COMMITMENTS AND CONTINGENCIES:** GPP signed an agreement with an unaffiliated third party in which GPP will pay a 15% fee for all funds secured by the third party. The maximum fee payable in any fiscal year will not exceed \$75,000. The agreement is set to expire on August 18, 2016. In 2011, the fee amounted to \$75,000.

GPP entered into a month-to-month lease agreement for office space with a third party for \$2,500 a month. GPP also entered into a sublease agreement with another third party due to expire March 1, 2012. Rent expense of \$32,152, which is net of sublease income of \$23,000, is included in occupancy costs on the statement of functional expenses for the year ended December 31, 2011.

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- 7. CONCENTRATIONS:**
- A. Financial instruments that potentially subject GPP to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. GPP places its temporary cash investments with high credit quality financial institutions. At times, cash deposits may be in excess of the FDIC limits.
 - B. For the year ended December 31, 2011, one donor contributed approximately \$1,500,000 to GPP which amounted to approximately 84% of GPP's total contributions for the year.
 - C. For the year ended December 31, 2011, two receivables totaling approximately \$252,000 to GPP amounted to approximately 96% of the GPP's total receivables for the year.

- 8. NET ASSETS:** Temporarily Restricted Net Assets
Temporarily restricted net assets are time restricted and consist of the following at December 31, 2011:

Sponsorship for the 1.4 Billion Reasons 2012 Spring Tour	\$ 25,000
	\$ 25,000

- 9. SUBSEQUENT EVENTS:**
- A. GPP has commenced proceedings in the English High Court of Justice (in the United Kingdom) against Live Music Entertainment Ltd. with regards to certain outstanding fees owed to GPP. GPP will not record any support and revenue on this until the matter is fully settled.
 - B. As part of a global restructuring process, GPP became the sole member of Global Poverty Project UK ("GPP UK") on June 12, 2012 and Global Poverty Project Limited ("GPP AU") on July 5, 2012. Management has not determined the financial impact if any these events would have on the future financing reporting obligations of GPP.