

CONSOLIDATED FINANCIAL STATEMENTS

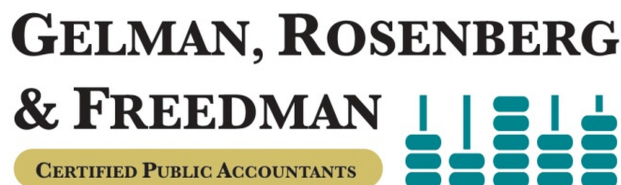
**GLOBALGIVING FOUNDATION, INC.
AND SUBSIDIARIES**

**FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2010**

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
GlobalGiving Foundation, Inc. and Subsidiaries
Washington, D.C.

We have audited the accompanying consolidated statement of financial position of the GlobalGiving Foundation, Inc. and Subsidiaries as of December 31, 2011, and the related consolidated statements of activities and change in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the GlobalGiving Foundation, Inc. and Subsidiaries' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of GlobalGiving UK, a subsidiary, which statements reflect total assets of \$667,582 as of March 31, 2012, and total revenue of \$2,356,527 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for GlobalGiving UK, is based solely on the report of the other auditors.

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 consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GlobalGiving Foundation, Inc. and Subsidiaries' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the GlobalGiving Foundation, Inc. and Subsidiaries as of December 31, 2011, and the consolidated change in their net assets and their consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Gelman, Rosenberg & Freedman'.

November 15, 2012

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GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2011
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2010

ASSETS			
		<u>2011</u>	<u>2010</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 7,314,171	\$ 4,247,075
Accounts receivable		1,976,091	1,051,513
Prepaid expenses and other assets		<u>41,463</u>	<u>28,933</u>
Total current assets		<u>9,331,725</u>	<u>5,327,521</u>
FIXED ASSETS			
Fixed assets, net of accumulated depreciation and amortization of \$293,961 (Note 9)		<u>213,623</u>	<u>227,485</u>
OTHER ASSETS			
Note receivable (Note 2)		50,625	50,625
Deposits		<u>16,413</u>	<u>16,413</u>
Total other assets		<u>67,038</u>	<u>67,038</u>
TOTAL ASSETS		<u>\$ 9,612,386</u>	<u>\$ 5,622,044</u>

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses (Note 6)	\$ 170,641	\$ 201,721
Accrued payroll liabilities	91,073	133,071
Deposits	27,570	27,535
Deferred revenue	516,038	303,423
Current portion of deferred rent (Note 8)	<u>5,530</u>	<u>-</u>
Total current liabilities	<u>810,852</u>	<u>665,750</u>
NON-CURRENT LIABILITIES		
Deferred rent (Note 8)	<u>80,739</u>	<u>87,018</u>
Total liabilities	<u>891,591</u>	<u>752,768</u>
NET ASSETS		
Unrestricted:		
Unrestricted	1,405,120	813,838
Non-controlling interest (Note 7)	<u>400</u>	<u>860</u>
Total unrestricted net assets	1,405,520	814,698
Temporarily restricted (Note 3)	<u>7,315,275</u>	<u>4,054,578</u>
Total net assets	<u>8,720,795</u>	<u>4,869,276</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,612,386</u>	<u>\$ 5,622,044</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2010**

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Grants	\$ 510,621	\$ 497,787	\$ 1,008,408	\$ 1,291,780
Project contributions	2,114,445	20,704,810	22,819,255	11,267,899
Professional services	1,489,781	-	1,489,781	1,456,252
Interest income	9,449	-	9,449	21,228
Contributed services and materials (Note 5)	110,238	-	110,238	151,109
Other revenue	36,417	-	36,417	139,878
Net assets released from donor restrictions (Note 4)	<u>17,941,900</u>	<u>(17,941,900)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>22,212,851</u>	<u>3,260,697</u>	<u>25,473,548</u>	<u>14,328,146</u>
EXPENSES				
Project distributions	17,137,889	-	17,137,889	9,671,965
Salaries and benefits	2,676,294	-	2,676,294	2,755,526
Professional fees and services	453,470	-	453,470	431,939
General and administration	247,346	-	247,346	145,921
Legal and registration fees	362,117	-	362,117	387,289
Telephone	33,511	-	33,511	24,274
Travel	135,422	-	135,422	117,966
Rent (Note 8)	208,758	-	208,758	176,084
Office supplies, printing and reproduction	94,636	-	94,636	66,338
Depreciation and amortization	90,884	-	90,884	78,146
Insurance	8,446	-	8,446	5,208
Other	<u>137,256</u>	<u>-</u>	<u>137,256</u>	<u>69,191</u>
Total expenses (Note 12)	<u>21,586,029</u>	<u>-</u>	<u>21,586,029</u>	<u>13,929,847</u>
Change in net assets before income tax expense	626,822	3,260,697	3,887,519	398,299
Income tax expense (Note 6)	<u>(36,000)</u>	<u>-</u>	<u>(36,000)</u>	<u>(72,000)</u>
Change in net assets	590,822	3,260,697	3,851,519	326,299
Net assets at beginning of year, as restated (Note 13)	<u>814,698</u>	<u>4,054,578</u>	<u>4,869,276</u>	<u>4,542,977</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,405,520</u>	<u>\$ 7,315,275</u>	<u>\$ 8,720,795</u>	<u>\$ 4,869,276</u>

See accompanying notes to consolidated financial statements.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
WITH SUMMARIZED CONSOLIDATED FINANCIAL INFORMATION FOR 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,851,519	\$ 326,299
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	90,884	78,146
Loss on disposal of fixed assets	5,259	2,571
(Increase) decrease in:		
Accounts receivable	(924,578)	(431,711)
Prepaid expenses and other assets	(12,530)	(431)
Note receivable	-	(104)
Deposits	-	24
Increase (decrease) in:		
Accounts payable and accrued expenses	(31,080)	(81,083)
Accrued payroll liabilities	(41,998)	73,460
Deposits	35	(34,443)
Deferred revenue	212,615	(34,077)
Deferred rent	<u>(749)</u>	<u>26,645</u>
Net cash provided (used) by operating activities	<u>3,149,377</u>	<u>(74,704)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(82,381)	(53,574)
Proceeds from sale of fixed assets	<u>100</u>	<u>201</u>
Net cash used by investing activities	<u>(82,281)</u>	<u>(53,373)</u>
Net increase (decrease) in cash and cash equivalents	3,067,096	(128,077)
Cash and cash equivalents at beginning of year	<u>4,247,075</u>	<u>4,375,152</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,314,171</u>	<u>\$ 4,247,075</u>
SUPPLEMENTAL INFORMATION:		
Taxes Paid	<u>\$ 108,000</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organizations -

GlobalGiving Foundation, Inc. (the Foundation) helps U.S. and non-U.S. based entities access philanthropic capital by making the connections between donors and implementers of charitable programs more efficient, more transparent, and therefore more likely. By providing a secure and transparent environment for giving, The Foundation simultaneously fosters social innovation by enabling new and unproven ideas to have a chance at success, and enables individuals and corporations to maximize their global philanthropy. The Foundation functions as a charitable not-for-profit, nonstock corporation and has one class of voting members, which comprise the Board of Directors, consisting of five members. The affairs and management of the Foundation are under the control of the Board of Directors.

ManyFutures, Inc. (the Corporation), a majority owned subsidiary of the Foundation is a Delaware taxable for-profit corporation formed to provide website and consulting services relating to international philanthropy. The Corporation has been inactive operationally since January 2009. The Foundation is taking steps to wind down the Corporation and transfer to GlobalGiving any trademarks and Intellectual Property that supports the Foundation's efforts to enable individuals and companies to find and support high-impact, grassroots social and economic development projects around the world. Donors may communicate with the social entrepreneurs who run these projects and receive reports from the field.

GlobalGiving UK (GG UK), a majority owned subsidiary of the Foundation is an England and Wales registered charity under the English law and is limited by guarantee. GG UK's charitable objects are to advance any purpose which is deemed to be exclusively charitable under English law. GG UK's principal activity is running the GlobalGiving.co.uk website, which enables individuals to support a range of charitable projects from all over the world, run by charities of all sizes based either overseas or in the UK. Donors to a specific project are automatically updated with the latest progress reports, therefore able to see the direct impact on the communities concerned.

The year-end for GG UK is March 31, 2012. Therefore, the Consolidated Statement of Activities and Change in Net Assets is presented for GG UK for the year ending March 31, 2012 which includes the activity for GG UK from April 1, 2011 to March 31, 2012.

Basis of presentation -

The accompanying consolidated financial statements are prepared on the accrual basis of accounting, which presents the financial position, activities and change in net assets and cash flows in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the GlobalGiving Foundation, Inc. and Subsidiaries' financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Basis of consolidation -

The accompanying consolidated financial statements reflect the activity of the GlobalGiving Foundation, Inc. and its majority owned subsidiaries, ManyFutures, Inc. and GlobalGiving UK. All intercompany transactions have been eliminated during consolidation.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents -

The GlobalGiving Foundation, Inc. and Subsidiaries consider all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) - insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). The GlobalGiving Foundation, Inc. and Subsidiaries maintains a portion of its cash balances at financial institutions in noninterest-bearing accounts; thereby, all of these cash balances are protected by the FDIC under this Act.

At times during the year, the GlobalGiving Foundation, Inc. and Subsidiaries also maintain cash balances in interest-bearing accounts at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

The Foundation receives website donations on behalf of over 3,100 pre-screened projects and makes remittances to those organizations on behalf of the donors. The terms of the website operator require these funds to be segregated from the Foundation's other funds. As of December 31, 2011, these funds totaled \$5,505,823.

The terms of a grant held by the Foundation require these funds to be segregated from the Foundation's other funds. As of December 31, 2011, these funds totaled \$28,171.

Accounts receivable -

Accounts receivable approximate fair value and are due within one year. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$600 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2011 totaled \$90,884.

Income taxes -

The Foundation -

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income as detailed in Note 6. The Foundation is not a private foundation.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes (continued) -

The Corporation -

Income taxes are provided for the tax effects of transactions reported in the Corporation's financial statements and consist of taxes currently due, plus deferred taxes. Deferred income taxes are computed under the method as prescribed by FASB ASC 740-10 and 740-30, *Income Taxes*. Deferred income taxes arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of the assets and liabilities to which they relate. Temporary differences result principally from the use of different depreciation methods and different accounting methods for recognizing bad debts (Note 6).

GlobalGiving UK -

GG UK is exempt from United Kingdom income tax and corporation tax, provided that the money is used solely for charitable purposes. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2011, the GlobalGiving Foundation, Inc. and Subsidiaries have documented their consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Net asset classification -

The net assets of the GlobalGiving Foundation, Inc. and Subsidiaries are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Foundation and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unconditional promises to give cash and other assets to the GlobalGiving Foundation, Inc. and Subsidiaries are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the donation is received.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions and grants (continued) -

The donations or grants are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restriction.

Grants and support receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as deferred revenue.

Contributed services and materials -

Contributed services and materials consist primarily of legal services and software. Contributed services and materials are recorded at their fair market value as of the date of the gift.

Use of estimates -

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Risks and uncertainties -

The GlobalGiving Foundation, Inc. and Subsidiaries depend primarily on donations and grants to carry on their charitable activities; consequently, any change in giving patterns would affect the GlobalGiving Foundation, Inc. and Subsidiaries' ability to fund its operations.

2. NOTE RECEIVABLE

In July 2009, the Foundation loaned \$50,000 to an organization. The annual interest rate is 2.5%. Interest is payable semi-annually in arrears on each June 30th and December 31st. The principal sum plus any unpaid interest is due June 30, 2014.

3. TEMPORARILY RESTRICTED NET ASSETS

The GlobalGiving Foundation, Inc. and Subsidiaries temporarily restricted funds are mostly comprised of donations received that will be used to provide benefits to specific charitable projects and have not yet been distributed to the sponsoring organizations.

Temporarily restricted net assets consisted of the following at December 31, 2011:

Program Restricted:	
Foundation projects	\$ 6,640,476
Guarantee reserve	4,467
Other programs	165,748
GG UK projects	<u>504,584</u>
TOTAL PROGRAM RESTRICTED	<u>\$ 7,315,275</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011

4. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Program Restricted:	
Foundation project distributions	\$ 15,581,051
Other programs	250,421
GG UK projects	1,717,560
GG UK - other programs	<u>392,868</u>
	<u>\$ 17,941,900</u>

5. CONTRIBUTED SERVICES AND MATERIALS

During the year ended December 31, 2011, the GlobalGiving Foundation, Inc. and Subsidiaries were the beneficiary of donated services and software totaling \$110,238, utilized for the operations of the GlobalGiving Foundation, Inc. and Subsidiaries. Contributed services and materials for the year ended December 31, 2011 were as follows:

Donated legal services	\$ 85,653
Other donations	<u>24,585</u>
	<u>\$ 110,238</u>

The following programs have benefited from these donated services:

Program Expense	\$ 75,402
Management and General	29,544
Fundraising	<u>5,292</u>
	<u>\$ 110,238</u>

6. INCOME TAXES

For the year ended December 31, 2011, the Foundation derived income from certain activities for which it has provisionally accrued unrelated business income taxes totaling \$36,000. This tax was comprised of \$28,000 Federal and \$8,000 State for the year ended December 31, 2011. The accrued income taxes for such unrelated business income is included in the accounts payable and accrued expenses in the accompanying Consolidated Statement of Financial Position.

For the year ended December 31, 2011, the Corporation had no taxable income and, accordingly, no provision for income taxes has been recorded. At December 31, 2011, the Corporation had approximately \$8,707,000 of net operating losses. The net operating loss carryforwards, if not utilized, will expire through December 31, 2027.

The components of the Corporation's deferred tax assets/liabilities are depreciation and amortization, charitable contributions carryforwards and net operating loss carryforwards using the Federal and state statutory rates. Based on the available objective evidence, the Corporation provided for a full valuation allowance against its net deferred tax assets. As of December 31, 2011, the valuation allowance is approximately \$2,043,000.

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011**

7. NON-CONTROLLING INTEREST

The non-controlling interest consists of a 1.15 percent capital interest of the Corporation as of December 31, 2011.

8. LEASE COMMITMENT

Effective October 1, 2009, the Foundation leased office space under a seventy-six month agreement, which originated in August 2009. Base rent is \$13,389 per month, plus a proportionate share of expenses, increasing by a factor of 4.5% per year.

Effective March 2011, GG UK leased office space under a five year agreement terminating June 2016 and cancelable with a three month written notice. Base rent is \$30,302 per annum, plus a proportionate share of expenses, increasing at the landlord's discretion.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Consolidated Statement of Financial Position.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,

2012	\$ 207,729
2013	215,714
2014	224,057
2015	232,776
2016	<u>32,587</u>
	<u>\$ 912,863</u>

Rent expense for the year ended December 31, 2011 totaled \$208,758. The deferred rent liability was \$86,269.

9. FIXED ASSETS

Fixed assets consisted of the following for the year ended December 31, 2011:

Furniture, fixtures, and computers	\$ 321,709
Software	159,332
Leasehold improvements	<u>26,543</u>
	507,584
Less: Accumulated depreciation and amortization	<u>(293,961)</u>
FIXED ASSETS, NET	<u>\$ 213,623</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011**

10. OTHER FINANCIAL COMMITMENTS

GG UK is obligated to make payments to Venturesome, based on a percentage between 0.83% and 5% of income. This is part of the Revenue Participation Right that Venturesome has purchased. These payments vary and depend on GG UK's success, and so have not been valued or included in the accompanying consolidated financial statements.

11. LINE OF CREDIT

The Foundation has a \$200,000 bank line of credit. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 0.25% (3.5% at December 31, 2011). As of December 31, 2011, there was no outstanding balance on the line of credit. The line is secured by cash and investments held in accounts at the same financial institution.

Subsequent to year end, this line of credit was increased to \$400,000. Amounts borrowed under the revised agreement bear interest based upon the index and the margin described in the financing agreement.

12. FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses of the GlobalGiving Foundation, Inc. and Subsidiaries, on a functional basis, are as follows at December 31, 2011:

	Program Expense	Management and General	Fundraising	Total Supporting Services	Total Expenses
Project distributions	\$ 17,137,889	\$ -	\$ -	\$ -	\$ 17,137,889
Salaries and benefits	1,830,585	717,247	128,462	845,709	2,676,294
Professional fees and services	349,447	88,222	15,801	104,023	453,470
General and administration	169,185	66,289	11,873	78,162	247,347
Legal and registration fees	247,688	97,047	17,382	114,429	362,117
Telephone	22,922	8,980	1,609	10,589	33,511
Travel	99,893	30,132	5,397	35,529	135,422
Rent	142,790	55,948	10,020	65,968	208,758
Office supplies, printing and reproduction	64,871	25,243	4,521	29,764	94,635
Depreciation and amortization	62,165	24,357	4,362	28,719	90,884
Insurance	5,777	2,264	405	2,669	8,446
Other	<u>95,080</u>	<u>35,770</u>	<u>6,406</u>	<u>42,176</u>	<u>137,256</u>
TOTAL EXPENSES	<u>\$ 20,228,292</u>	<u>\$ 1,151,499</u>	<u>\$ 206,238</u>	<u>\$ 1,357,737</u>	<u>\$ 21,586,029</u>
PERCENT	<u>94%</u>	<u>5%</u>	<u>1%</u>	<u>6%</u>	<u>100%</u>

GLOBALGIVING FOUNDATION, INC. AND SUBSIDIARIES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2011**

13. PRIOR PERIOD ADJUSTMENT

The GlobalGiving Foundation, Inc. and Subsidiaries has restated their consolidated Statement of Financial Position as of December 31, 2010 to reflect the actual audited amounts for GG UK. GG UK's audit was released subsequent to the release of the 2011 GlobalGiving Foundation, Inc. and Subsidiaries audit report. The effect of the change was to decrease unrestricted net assets and increase temporarily restricted net assets by \$72,648. Restated unrestricted net assets and temporarily restricted net assets for GG UK totaled \$20,992 and \$256,340, respectively, as of December 31, 2010.

The GlobalGiving Foundation, Inc. and Subsidiaries' consolidated Statement of Financial Position as of December 31, 2010 was restated as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
Unrestricted Net Assets	\$ 887,346	\$ 814,698
Temporarily Restricted Net Assets	\$ 3,981,930	\$4,054,578

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the GlobalGiving Foundation, Inc. and Subsidiaries have evaluated events and transactions for potential recognition or disclosure through November 15, 2012, the date the consolidated financial statements were issued.