

**GCSSEN FOUNDATION  
FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

# GCSSEN FOUNDATION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
GCSEN Foundation  
New York, NY

### **Report on the Financial Statements**

We have audited the accompanying financial statements of GCSEN Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GCSEN Foundation as of December 31, 2015, and the results of its operations and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

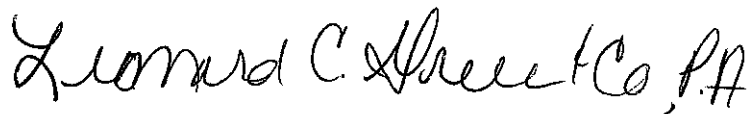
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MEMBER FIRM OF JHI ASSOCIATION

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses on Page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**LEONARD C. GREEN & CO., PA**  
DBA THE GREEN GROUP  
Certified Public Accountants

Woodbridge, New Jersey  
August 15, 2016

**GCSSEN FOUNDATION**  
**Statement of Financial Position**  
**December 31, 2015**

**ASSETS**

Current Assets:

Cash

\$ 529,461

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accrued expenses

\$ 7,027

Unrestricted Net Assets

522,434

\$ 529,461

**GCSSEN FOUNDATION**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

Changes in Unrestricted Net Assets:	
Contributions	<u>\$ 600,000</u>
Expenses:	
Program	38,784
Management and general	34,903
Fundraising	<u>3,879</u>
Total expenses	<u>77,566</u>
Increase in Unrestricted Net Assets	522,434
Net Assets at Beginning of Year	<u>-</u>
Net Assets at End of Year	<u><u>\$ 522,434</u></u>

**GCSSEN FOUNDATION**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

Change in Net Assets	\$ 522,434
Adjustments to reconcile change in net assets provided by operating activities:	
Increase in liabilities:	
Accrued expenses	<u>7,027</u>
Net cash provided by operating activities	<u>529,461</u>
Net Increase in Cash	529,461
Cash at Beginning of Year	<u>-</u>
Cash at End of Year	<u><u>\$ 529,461</u></u>

**GCSSEN FOUNDATION**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2015**

**Note 1 – Nature of Activities and Summary of Significant Accounting Policies**

*Nature of Activities*

GCSSEN Foundation (the Organization), is to accelerate social entrepreneurship in higher education through innovative programs and learning technologies. The Organization will build a global network of faculty, practitioner-academics, students and practicing social entrepreneurs and entrepreneurial philanthropists all connected and supported by our strategic cloud and higher education partners. The Organization seeks to increase the number of prosperous social entrepreneurs and by doing so will strengthen local economies while improving the rate of environmental stewardship necessary for a civil, prosperous, self-governing, free society.

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

*Cash – Concentration of Credit Risk*

The Organization maintains cash balances with one high credit quality financial institution. The account at the institution is insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2015. As of December 31, 2015, the Organization had cash deposits of \$279,461, in excess of Federally insured amounts with this financial institution.

*Promises to Give*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There were no promises to give as of December 31, 2015.

*Contributed Services*

During the year ended December 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization.



**GCSSEN FOUNDATION**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2015**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies-continued**

*Use of Estimates*

In preparing financial statements in conformity with generally accepted accounting principles in the United States of America, management is required to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

*Financial Statement Presentation*

Under Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Contributions*

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

*Income Taxes*

The Organization is a not-for-profit organization exempt from income taxes under Section 501( c ) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

*Subsequent Events*

Subsequent events were considered by the Organization for recognition or disclosures through August 15, 2016, which is the date the financial statements were available to be issued.

The Organization entered into an agreement to purchase one unit of a Membership Interest Subscription Agreement at \$25,000 with a New York Limited Liability Company in June, 2016. The Organization plans to redeem their entire membership interest in September, 2016.

*Compensated Absences*

While employed by the Organization employees are entitled to paid vacations, sick days and other time off depending on job classification, length of service and other factors. The Organization's policy is to recognize the costs of compensated absences when paid to employees.

**Note 2 – Risk Concentrations**

*Credit Risk*

The Organization had one donor that accounted for 100% of revenue for the year ended December 31, 2015. The Organization received an unrestricted contribution for \$600,000 for general and program support.

**SUPPLEMENTARY INFORMATION**

**GCSSEN FOUNDATION**  
**Schedule I**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Officer's salaries	\$ 24,999	\$ 22,499	\$ 2,500	\$ 49,998
Payroll taxes	2,128	1,915	213	4,256
Office and administration	578	520	58	1,156
Professional fees	599	539	60	1,198
Dues and subscriptions	33	29	3	65
Telephone and computer	764	687	76	1,527
Meetings and conventions	2,831	2,547	283	5,661
Program expense	99	-	-	99
Travel and entertainment	3,317	2,985	332	6,634
Occupancy and utilities	3,436	3,182	354	6,972
<b>Total Functional Expenses</b>	<b><u>\$ 38,784</u></b>	<b><u>\$ 34,903</u></b>	<b><u>\$ 3,879</u></b>	<b><u>\$ 77,566</u></b>