

GLOBAL STRATEGIES
ALBANY, CALIFORNIA

FINANCIAL STATEMENTS

AUGUST 31, 2017

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	Exhibit A 3
Statements of Functional Expenses	Exhibit B 4
Statements of Cash Flows	Exhibit C 5
Notes to Financial Statements	6-13

INDEPENDENT AUDITORS' REPORT

Board of Directors
Global Strategies
San Rafael, California

Report on the Financial Statements

We have audited the accompanying financial statements of Global Strategies, which comprise the statement of financial position as of August 31, 2017, and the related statements of activities, statements of functional expenses, 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 opinions 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Strategies as of August 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Global Strategies' 2016 financial statements, and our report dated March 10, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
March 5, 2018

Global Strategies
STATEMENTS OF FINANCIAL POSITION
August 31, 2017
(With Comparative Totals for August 31, 2016)

	2017	2016
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 1,179,764	\$ 1,058,303
Short-term Investments (Note 6)	603,842	467,684
Pledges receivable (Note 5)	179,100	562,050
Prepaid expenses and other current assets	61,151	26,769
Total current assets	2,023,857	2,114,806
Non-current assets:		
Long-term Investments (Note 6)	-	124,888
Security deposits	2,590	2,590
Fixed assets, net of accumulated depreciation (Note 8)	1,973	918
Intangible assets (Note 9)	289,097	243,434
Total non-current assets	293,660	371,830
Total assets	\$ 2,317,517	\$ 2,486,636
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 5,552	\$ 8,698
Accrued payroll liabilities	23,883	14,070
Total current liabilities	29,435	22,768
Net assets - Exhibit A:		
Unrestricted	1,507,302	1,330,174
Temporarily restricted (Note 11)	780,780	1,133,694
Total net assets	2,288,082	2,463,868
Total liabilities and net assets	\$ 2,317,517	\$ 2,486,636

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

STATEMENTS OF ACTIVITIES

For the Year Ended August 31, 2017

(With Comparative Totals for the Year Ended August 31, 2016)

	Unrestricted	Temporarily Restricted	2017 Total	Unrestricted	Temporarily Restricted	2016 Total
Revenues and support:						
Support:						
Grants	\$ 17,250	\$ 837,031	\$ 854,281	\$ 183,000	\$ 1,137,000	\$ 1,320,000
Contributions	406,513	59,996	466,509	242,359	84,374	326,733
Fundraising events, net of direct costs	4,300	-	4,300	-	-	-
In-kind contributions (Note 13)	164,427	-	164,427	59,912	-	59,912
Revenues:						
Interest and dividend income	1,027	-	1,027	807	-	807
Net realized and unrealized gains and (losses) on investments	65	-	65	195	-	195
Net assets released from restrictions	<u>1,249,941</u>	<u>(1,249,941)</u>	<u>-</u>	<u>993,917</u>	<u>(993,917)</u>	<u>-</u>
Total revenues and support	<u>1,843,523</u>	<u>(352,914)</u>	<u>1,490,609</u>	<u>1,480,190</u>	<u>227,457</u>	<u>1,707,647</u>
Expenses (Note 10):						
Program services	1,450,358	-	1,450,358	1,449,632	-	1,449,632
Management and general	133,581	-	133,581	157,241	-	157,241
Fundraising	<u>82,456</u>	<u>-</u>	<u>82,456</u>	<u>67,208</u>	<u>-</u>	<u>67,208</u>
Total expenses	<u>1,666,395</u>	<u>-</u>	<u>1,666,395</u>	<u>1,674,081</u>	<u>-</u>	<u>1,674,081</u>
Change in net assets	177,128	(352,914)	(175,786)	(193,891)	227,457	33,566
Net assets, beginning of period	1,086,740	1,377,128	2,463,868	1,280,631	1,149,671	2,430,302
Net assets, reclassified (Note 11)	<u>243,434</u>	<u>(243,434)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, as restated	<u>1,330,174</u>	<u>1,133,694</u>	<u>2,463,868</u>	<u>1,280,631</u>	<u>1,149,671</u>	<u>2,430,302</u>
Net assets, end of period	<u>\$ 1,507,302</u>	<u>\$ 780,780</u>	<u>\$ 2,288,082</u>	<u>\$ 1,086,740</u>	<u>\$ 1,377,128</u>	<u>\$ 2,463,868</u>

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

Global Strategies

Exhibit B

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2017

(With Comparative Totals for the Year Ended August 31, 2016)

	Program Services					Total Program Services	Admin & General	Fundraising & Development	2017 Total	2016 Total
	Prevention and Care	Education and Training	Advocacy and Outreach	Health and Technology	Monitoring and Evaluation					
Expenses (Note 10):										
Grants to partners	\$ 557,748	\$ 122,395	\$ -	\$ 21,000	\$ 53,112	\$ 754,255	\$ -	\$ -	\$ 754,255	\$ 918,360
Salaries, payroll taxes, and benefits	50,120	\$ 22,590	44,577	71,389	83,121	271,797	99,432	42,311	413,540	415,569
Marketing and outreach	374	286	112,478	440	90	113,668	157	14,748	128,573	13,981
Program professionals-Outside U.S.	18,729	7,710	5,218	11,878	38,007	81,542	-	1,796	83,338	82,693
Professional services	547	686	8,332	40,497	1,058	51,120	19,379	10,461	80,960	49,286
Travel, conference and meeting	1,038	9,518	13,106	15,926	4,990	44,578	588	5,177	50,343	63,499
Supplies and medicines	9,612	771	162	29,356	6	39,907	-	-	39,907	44,549
Scholarships	-	27,641	-	-	-	27,641	-	-	27,641	16,568
Information technology	10,376	1,522	523	6,768	997	20,186	973	1,424	22,583	21,836
Occupancy	2,417	1,280	2,157	2,464	4,163	12,481	7,686	2,177	22,344	20,900
Volunteer service and travel	-	16,398	-	-	325	16,723	-	-	16,723	-
Office expense	3,898	1,394	943	1,306	1,399	8,940	1,720	904	11,564	13,281
Insurance	935	509	107	439	995	2,985	2,069	213	5,267	5,066
Dues, subscriptions and fees	808	273	34	168	185	1,468	1,518	1,360	4,346	4,351
Postage and delivery	506	74	119	1,524	34	2,257	59	1,885	4,201	3,282
Depreciation	321	351	-	92	46	810	-	-	810	860
Total expenses	<u>\$ 657,429</u>	<u>\$ 213,398</u>	<u>\$ 187,756</u>	<u>\$ 203,247</u>	<u>\$ 188,528</u>	<u>\$ 1,450,358</u>	<u>\$ 133,581</u>	<u>\$ 82,456</u>	<u>\$ 1,666,395</u>	<u>\$ 1,674,081</u>

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

STATEMENTS OF CASH FLOWS

For the Year Ended August 31, 2017

(With Comparative Totals for the Year Ended August 31, 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (175,786)	\$ 33,566
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	810	860
Unrealized (gains)/losses on investments	(65)	(195)
Changes in certain assets and liabilities:		
Pledges receivable	382,950	(540,050)
Prepaid expenses and other current assets	(34,382)	45,514
Accounts payable	(3,146)	1,186
Accrued payroll liabilities	<u>9,813</u>	<u>6,578</u>
Net cash provided (used) by operating activities	<u>180,194</u>	<u>(452,541)</u>
Cash flows from investing activities:		
Acquisition of intangible assets	(45,663)	(33,111)
Acquisition of fixed assets	(1,865)	-
Acquisition of investments	(136,158)	(10,062)
Disposition of investments	<u>124,953</u>	<u>9,693</u>
Net cash provided (used) by investing activities	<u>(58,733)</u>	<u>(33,480)</u>
Net increase (decrease) in cash during the period	121,461	(486,021)
Cash balance, beginning of period	<u>1,058,303</u>	<u>1,544,324</u>
Cash balance, end of period	<u>\$ 1,179,764</u>	<u>\$ 1,058,303</u>

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

Global Strategies
NOTES TO FINANCIAL STATEMENTS
August 31, 2017

NOTE 1 - GENERAL

A. Organization

Global Strategies (the Organization) is a nonprofit corporation that was formed in 1999. It was originally named Global Strategies for HIV Prevention. Following a merger with International Pediatric Outreach Project (IPOP) in 2013, the name was changed to Global Strategies. The merged organization changed its mission to: Global Strategies empowers communities in the most neglected areas of the world to improve the lives of women and children through healthcare.

B. Program Services

Prevention & Care

The Organization provides resources to local implementing partner organizations to deliver healthcare prevention and care services. The projects are tailored to the context and demonstrated needs of the patient population served by the field partner. Current projects are focused on the following areas:

- HIV prevention, voluntary counseling and HIV testing (VCT) and antiretroviral treatment and care delivery;
- Treatment of pregnant women with HIV;
- Post-rape healthcare;
- Newborn care;
- Malnutrition.

Education & Training

Africa as a region bears more than 24% of the global burden of disease but has access to only 3% of the world's health workers and less than 1% of the world's financial resources. The Organization addresses this critical shortage of healthcare workers by investing in a sustainable training model for frontline workers. The Organization works alongside field partners to identify critical needs and the innovative methods to address them, including training, modifying workflow or by facilitating access to essential tools and medications. Current projects are focused on the training of the following:

- Healthcare professionals - Doctors, Nurses, and clinical support staff;
- Community healthcare workers;
- Community leaders;
- Data manager;
- The Organization works alongside field partners to identify and address critical needs in healthcare worker training. Included in this approach is the design and implementation of innovative educational tools.

Public Issue Advocacy

Inequity and injustice motivate the Organization to advocate for change by amplifying the voices and needs of those served by the Organization. Current projects are focused on the following:

- Ethics In Health blog by Arthur Ammann, MD;
- Outreach to large international organizations to share care models for post-rape healthcare;
- Advocating for the inclusion of the care of preterm infants in global health efforts to reduce child mortality.

Global Strategies
NOTES TO FINANCIAL STATEMENTS
August 31, 2017

NOTE 1 - GENERAL (concluded)

B. Program Services (concluded)

Health & Technology

The Organization develops and implements innovative technological solutions that help its partners overcome the challenges of their limited resource settings. The Organization focuses on using simple and scalable technologies that allow healthcare providers to track their outcomes in real-time using cloud-based data collection software and analysis tools. The Organization helps their partners establish baseline data in neonatal mortality rates and stillbirth rates. Additionally, they use technology to track inventory of critical supplies and predict stock needs over time. The Organization also works to bridge the gap between care delivery and data collection by developing software programs that facilitate care delivery while simultaneously collecting data that guides resource allocation. The Organization has also developed its own neonatal decision support software, NoviGuide, that has been tested in multiple sites in Africa.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the year.

B. Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles. The statements are presented in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-205), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210, 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.

C. Unrestricted Net Assets

Unrestricted net assets generally result from revenues obtained by providing services, receiving unrestricted contributions, and receiving interest and dividends from income-producing assets. The limitations on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization and the purposes specified in its Articles of Incorporation or Bylaws as well as the limits resulting from contractual agreements entered into by the Organization in the course of its operations.

D. Temporarily Restricted Net Assets

The Organization reports donations and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Global Strategies
NOTES TO FINANCIAL STATEMENTS
August 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

E. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions, short-term marketable securities with a maturity of three months or less, and un-deposited fund.

G. Pledges Receivable

The Organization accounts for pledges receivable in accordance with the recommendations of FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*. Under FASB ASC 958, pledges receivable are either unconditional or conditional. Unconditional pledges are pledges that depend only on the passage of time or the demand by the pledge for performance. A conditional pledge is a pledge that depends on the occurrence of a specified future and uncertain event to bind the promisor. Unconditional pledges represent the remaining pledges due from the donors who have pledged funds to the Organization for use in its programs.

Pledges receivable that are expected to be collected after one year are discounted using the applicable federal rate. The Organization did not provide a reserve against pledges receivable and believes the amounts to be fully collectible.

H. Fixed Assets

The aggregate cost of assets over \$1,500 is capitalized in the statement of financial position. Fixed assets are stated at cost and depreciation is computed on the straight-line basis of accounting over the estimated useful lives of the assets. At present, fixed assets consist of computers, which are being depreciated over a three year period.

I. Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC 958-605, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

J. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

Global Strategies
NOTES TO FINANCIAL STATEMENTS
August 31, 2017

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. The Organization is subject to routine audits by taxing jurisdictions; however, currently no uncertain tax positions were adopted and no audits for any tax periods are in progress.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Organization maintains cash and short-term investment balances at two financial institutions. Cash and short-term investment balances at August 31, 2017 and August 31, 2016 consisted of \$1,783,606 and \$1,525,987, respectively. Accounts are held at the financial institutions and are insured by the Federal Deposit Insurance Corporation up to \$250,000. The remaining balances were uninsured and held by the financial institution in the Organization's name. The risk is managed by maintaining all deposits in highly reputable financial institutions.

NOTE 5 - PLEDGES RECEIVABLE

As of August 31, 2017 and 2016, the Organization has remaining uncollected pledges receivable totaling \$179,100 and \$562,050 from contributors. This income is restricted for program expenses and recorded as temporarily restricted net assets.

NOTE 6 - INVESTMENTS

Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation. The fair value of the investments is generally based on published market prices and quotations from major investment firms. As of August 31, the investments are summarized below:

<u>Investments at Fair Value:</u>	2017	2016
Short-term investments – Money market	\$ 603,842	\$ 467,684
Long-term investments – Corporate bonds	-	124,888
Total investments	\$ 603,842	\$ 592,572
<u>Investments at Fair Value:</u>	2017	2016
Account balances at beginning of period:		
Short-term investments – Money market	\$ 467,684	\$ 1,637,273
Long-term investments – Corporate bonds	124,888	124,324
Total account balances at beginning of period	592,572	1,761,597
Transfers in/deposits:		
Stock donations	10,373	10,062
Unrealized gains (losses)	-	(223)
Realized gains (losses), net with fees	47	418
Dividends and interest	850	718
Transfers out/withdrawals	-	(1,180,000)
Account balances at end of period	\$ 603,842	\$ 592,572

Global Strategies
NOTES TO FINANCIAL STATEMENTS
 August 31, 2017

NOTE 7 - SUMMARY OF FAIR VALUE EXPOSURE

FASB ASC 820-10 and subsections, *Fair Value Measurements and Disclosures*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted FASB ASC 820-10 for its financial assets and liabilities measured on a recurring and nonrecurring basis.

FASB ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those investments.

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of August 31, 2017:

<u>At Fair Value</u>	<u>Total Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	\$ 603,842	\$ 603,842	\$ -	\$ -
Total	<u>\$ 603,842</u>	<u>\$ 603,842</u>	<u>\$ -</u>	<u>\$ -</u>

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of August 31, 2016:

<u>At Fair Value</u>	<u>Total Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market fund	\$ 467,684	\$ 467,684	\$ -	\$ -
Corporate bonds	124,888	124,888	-	-
Total	<u>\$ 592,572</u>	<u>\$ 592,572</u>	<u>\$ -</u>	<u>\$ -</u>

As of August 31, 2017 and 2016, the investments balances classified to be Level 1 were \$603,842 and \$592,572, respectively.

Global Strategies
NOTES TO FINANCIAL STATEMENTS
August 31, 2017

NOTE 8 - FIXED ASSETS

Fixed assets as of August 31 are as follows:

	Years	2017	2016
Computer equipment	3	\$ 5,109	\$ 3,244
Less accumulated depreciation		(3,136)	(2,326)
Total fixed assets		\$ 1,973	\$ 918

Depreciation expense was \$810 and \$860 for the years ended August 31, 2017 and August 31, 2016, respectively.

NOTE 9 - INTANGIBLE ASSETS

The Organization's intangible assets at August 31, 2017 and 2016 consist of work in progress of \$289,097 and \$243,434 for an E-book called NoviGuide. NoviGuide is a mobile device application that provides decision support for nurses caring for newborn babies. In 2014, the Organization received funding from the Tides Foundation for capacity building which the Organization used to construct the NoviGuide Application for its health and technology program. NoviGuide is still a work in progress and not subject to amortization in 2017 and 2016. Once in use the cost of NoviGuide will be amortized. Additional funding is being sought to complete this application.

NOTE 10 - RECLASSIFICATIONS AND COMPARATIVE FINANCIAL INFORMATION

Certain reclassifications have been made to the 2016 financial statements in order to conform to the current year presentations. There have not been any changes to the total financial amounts as stated in the 2017 audit.

The financial statements include certain prior-year summarized comparative information in total. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2016, from which the summarized information was derived.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31 were available for the following purposes:

	2017	2016
Democratic Republic of the Congo	\$ 104,176	\$ 278,366
Liberia	34,500	78,736
Nigeria	-	7,859
Restricted to program but not to specific location	642,104	768,733
Total	\$ 780,780	\$ 1,133,694

At September 1, 2017, \$243,434 of net assets restricted for grant funded NoviGuide intangible assets were reclassified to unrestricted net assets because the Organization recognized that there were no restrictions as to the use of the intangible assets by the funding source and there are no reversible interests by the funding source on the NoviGuide e-book upon its completion.

Global Strategies
NOTES TO FINANCIAL STATEMENTS
August 31, 2017

NOTE 12 - LEASE COMMITMENTS

The Organization leases its office space under an operating lease that renewed on June 1, 2017, and expires on May 31, 2019. Future minimum payments, by year, and in the aggregate, under this operating lease consist of the following:

<u>Fiscal Year Ending August 31</u>	
2018	\$ 16,585
2019	<u>12,899</u>
Total	<u>\$ 29,484</u>

Rent expense under this operating lease for the years ended August 31, 2017 and 2016 was \$16,403 and \$14,656, respectively.

NOTE 13 - IN-KIND CONTRIBUTIONS AND EXPENSES

The Organization recognizes donated services as contributions in accordance with FASB ASC 958, *Accounting for Contributions and Presentation of Financial Statements*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

For the year ended August 31, 2017 and 2016, the Organization received in-kind contributions in the form of donated goods and volunteer services throughout the year with an estimated value of \$52,414 and \$59,912, respectively. These in-kind contributions met the criteria under FASB ASC 958 and were recognized as in-kind contributions in the statement of activities and included as expenses on the statement of functional expenses.

In-kind goods and services received in fiscal year ended August 31 include the followings:

	<u>2017</u>	<u>2016</u>
Legal services	\$ 39,625	\$ 21,264
Other professional services	586	500
Volunteer medical personnel	<u>9,105</u>	-
Total in-kind services	<u>49,316</u>	<u>21,764</u>
On-line Advertising	108,763	-
Media/Books	1,992	-
Medicines	-	36,770
Software	<u>4,356</u>	<u>1,378</u>
Total in-kind goods	<u>115,111</u>	<u>38,148</u>
Total in-kind goods and services	<u>\$ 164,427</u>	<u>\$ 59,912</u>

NOTE 14 - RELATED PARTY TRANSACTIONS

In fiscal year 2016-2017, the daughter of the Director of Operations and Finance, Sloane Drake, was paid by the Organization for social media services.

Global Strategies
NOTES TO FINANCIAL STATEMENTS
August 31, 2017

NOTE 14 - RELATED PARTY TRANSACTIONS (concluded)

Relationship between PTBI, UCSF, Global Strategies, Dr. Theodore Ruel and Dr. Lisa Butler

In 2016, Global Strategies, a 501(c)(3), nonprofit organization, became a collaborating institution with the University of California San Francisco (UCSF) Preterm Birth Initiative (PTBI) for the purpose of studying NoviGuide, a digital aid for nurses taking care of babies. The NoviGuide software program assists nurses by asking a series of questions and, based on the answers, makes a recommendation on how to care for the baby using World Health Organization Guidelines. NoviGuide is in development by Global Strategies and is intellectual property of the Organization.

The following people are related to Global Strategies and have a role in the UCSF research study. None of these individuals are receiving payment for their work on this study:

- 1) Dr. Joshua Bress, President of Global Strategies is a co-investigator.
- 2) Dr. Theodore Ruel, a Global Strategies board member, is a co-investigator.
- 3) Dr. Lisa Butler is currently serving as a consultant for Global Strategies by providing expertise in technology implementation and research in Africa. She is also a co-investigator.

At the conclusion of this study, the information obtained will inform the development of NoviGuide by providing: 1) Knowledge on how to align NoviGuide to local health guidelines in different countries that may differ from the World Health Organization guidelines. 2) Insight on how to incorporate NoviGuide into nurses' daily workflow and routines.

NOTE 15 - SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 5, 2018, the date the financial statements were available to be issued.