

CONCORDIA SUMMIT, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2016 AND 2015

CONCORDIA SUMMIT, INC.

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LUTZ AND GARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP

551 FIFTH AVENUE - SUITE 400, NEW YORK, NY 10176

212-697-2299 FAX: 212-949-1768

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Concordia Summit, Inc.

We have audited the accompanying financial statements of Concordia Summit, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 Concordia Summit, Inc. as of December 31, 2016 and 2015, and the changes in its net asset and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lotz + Carr, LLP

New York, New York
January 26, 2018

CONCORDIA SUMMIT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents (Notes 1b and 6)	\$ 441,536	\$ 61,443
Contributions receivable (Notes 1d and 2)	809,000	-
Prepaid expenses and other current assets	4,051	26,949
Security deposit	28,800	21,800
Property and equipment, at cost, net of accumulated depreciation (Notes 1c and 3)	<u>57,163</u>	<u>56,825</u>
Total Assets	<u><u>\$1,340,550</u></u>	<u><u>\$167,017</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 866,901	\$ 769,200
Loan from related party (Note 4)	250,000	-
Deferred revenue (Note 1f)	<u>51,300</u>	<u>21,667</u>
Total Liabilities	<u>1,168,201</u>	<u>790,867</u>
Commitment (Note 5)		
Net Assets (Deficit)		
Unrestricted (Note 1a)	<u>172,349</u>	<u>(623,850)</u>
Total Liabilities and Net Assets (Deficit)	<u><u>\$1,340,550</u></u>	<u><u>\$ 167,017</u></u>

See notes to financial statements.

CONCORDIA SUMMIT, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Contributions (Note 1a)	\$5,086,005	\$2,336,500
In-kind speaker fees (Note 1e)	1,464,000	2,064,500
Donated services and materials (Notes 1e and 7)	229,865	-
Membership (Note 1f)	83,392	65,533
Other income	519	-
	<u>6,863,781</u>	<u>4,466,533</u>
Total Revenue and Support		
Expenses		
Program Services	<u>5,425,116</u>	<u>4,190,224</u>
Supporting Services		
Management and general	453,301	380,978
Fundraising	<u>189,165</u>	<u>117,563</u>
Total Supporting Services	<u>642,466</u>	<u>498,541</u>
Total Expenses	<u>6,067,582</u>	<u>4,688,765</u>
Increase (decrease) in net assets	796,199	(222,232)
Net assets (deficit), beginning of year	<u>(623,850)</u>	<u>(401,618)</u>
Net Assets (Deficit), End of Year	<u><u>\$ 172,349</u></u>	<u><u>\$ (623,850)</u></u>

See notes to financial statements.

CONCORDIA SUMMIT, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 796,199	\$ (222,232)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	14,589	7,956
(Increase) decrease in:		
Contributions receivable	(809,000)	-
Prepaid expenses and other current assets	22,898	(15,237)
Security deposit	(7,000)	-
Increase in:		
Accounts payable and accrued expenses	97,701	264,611
Deferred revenue	29,633	21,667
Net Cash Provided By Operating Activities	<u>145,020</u>	<u>56,765</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(14,927)	(26,200)
Cash Flows From Financing Activities		
Proceeds from loan payable	<u>250,000</u>	<u>-</u>
Net increase in cash and cash equivalents	380,093	30,565
Cash and cash equivalents, beginning of year	<u>61,443</u>	<u>30,878</u>
Cash and Cash Equivalents, End of Year	<u>\$ 441,536</u>	<u>\$ 61,443</u>

See notes to financial statements.

CONCORDIA SUMMIT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Concordia Summit, Inc. (the "Organization") is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's purpose is to build public-private partnerships to ensure the security and sustainability of communities around the world. Each year the Organization convenes an annual meeting of executives, current and former heads of state, and non-governmental organizations ("NGO") leaders to facilitate the building of partnerships that address the most pressing issues of our time.

During 2017, the Organization received approximately 84% of total contributions from the company of one Board member and from one foundation. During 2016, the Organization received approximately 83% of total contributions from the company of one Board member. As of December 31, 2015, the Organization had liabilities in excess of assets, and a significant deficit in unrestricted net assets. In 2017, the Organization continues to receive a substantial portion of its support from the Board member's company, pursuant to a memorandum of understanding, to provide the funding to meet its obligations.

b - Cash and Cash Equivalents

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

c - Property and Equipment

Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Property and equipment are depreciated using the straight-line method over the estimated useful life of the related asset.

d - Contributions and Unconditional 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 reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible promises to give. Such allowance, if any, is based on prior years' experience and management's analysis of specific promises made.

CONCORDIA SUMMIT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

e - Donated Services

The Organization's donated services consist primarily of speaker fees in connection with its meetings and events. The value of these services is estimated by the Organization based on the market value of the similar services provided by the donor. Donated services are recognized as in-kind donations if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

f - Deferred Revenue

The portion of membership revenue which relates to benefits provided to members is deferred upon receipt and is then recognized in the period that the membership benefits are provided to members.

g - Functional Allocation of Expenses

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and the supporting services benefited.

h - Financial Statement Presentation

The Organization reports 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.

i - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

j - Tax Status

Concordia Summit, Inc. is a not-for-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

k - Subsequent Events

The Organization has evaluated subsequent events through January 26, 2018, the date that the financial statements are considered available to be issued.

CONCORDIA SUMMIT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 2 - Contributions Receivable

Contributions receivable are substantially all from a single donor and are due within one year. Uncollectible contributions receivable are expected to be insignificant.

Note 3 - Property and Equipment

Property and equipment consists of the following:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
Website	5 years	\$51,498	\$51,498
Computer equipment	5 years	27,735	12,808
Furniture	5 years	<u>2,648</u>	<u>2,648</u>
		81,881	66,954
Less: Accumulated depreciation		<u>(24,718)</u>	<u>(10,129)</u>
Total		<u>\$57,163</u>	<u>\$56,825</u>

Depreciation expense for the years ended December 31, 2016 and 2015 was \$14,589 and \$7,956, respectively.

Note 4 - Loan from Related Party

The Organization received a short-term loan from the company of a Board member. The loan was repaid in full in January 2017.

Note 5 - Commitment

The Organization occupies office space under a lease agreement which expired December 31, 2017, and continued on a month-to-month basis thereafter. Approximate minimum obligations for rent under this lease agreement total \$159,000 through December 31, 2017, and \$14,100 per month thereafter.

Rent expense for the years ended December 31, 2016 and 2015 was \$152,188 and \$117,223, respectively.

CONCORDIA SUMMIT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 6 - Concentration of Credit Risk

The Organization maintains its cash balances at financial institutions located in New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances, at times, may exceed federally insured limits.

Note 7 - Donated Services and Materials

Donated services and materials for the year ended December 31, 2016 consist of:

Donated services	\$144,208
Donated materials	<u>85,657</u>
	<u>\$229,865</u>

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors of
Concordia Summit, Inc.

We have audited the financial statements of Concordia Summit, Inc. as of and for the years ended December 31, 2016 and 2015, and our report thereon dated January 26, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2016 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.

Lutz + Carr, LLP

New York, New York
January 26, 2018

CONCORDIA SUMMIT, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries	\$ 561,270	\$ 162,687	\$ 89,478	\$ 813,435
Payroll taxes and employee benefits	109,711	36,570	19,948	166,229
Professional fees	700,275	71,550	6,119	777,944
Donated speaker fees	1,464,000	-	-	1,464,000
Advertising	172,928	50,124	27,568	250,620
Audio visual	497,573	-	-	497,573
Photography	51,228	-	-	51,228
Catering	863,977	21,100	-	885,077
Internships	57,144	-	-	57,144
Office expense	173,998	6,161	3,390	183,549
Information technology	137,876	39,965	21,980	199,821
Travel	379,280	-	-	379,280
Meeting	2,731	-	-	2,731
Insurance	2,541	737	405	3,683
Occupancy	105,010	30,437	16,741	152,188
Venue rental	57,886	-	-	57,886
Printed materials	65,506	-	-	65,506
Bank charges and credit card fees	-	12,951	-	12,951
Miscellaneous	22,182	6,430	3,536	32,148
Total expenses before depreciation	5,425,116	438,712	189,165	6,052,993
Depreciation	-	14,589	-	14,589
Total Expenses	<u>\$5,425,116</u>	<u>\$ 453,301</u>	<u>\$ 189,165</u>	<u>\$6,067,582</u>

See independent auditors' report on supplementary information.