

Combined Financial Statements and  
Report of Independent Certified Public Accountants

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**

December 31, 2017

# ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors  
**Endeavor Global, Inc.**

We have audited the accompanying combined financial statements of Endeavor Global, Inc. and subsidiaries (collectively, the “Organization”), which comprise the statement of financial position (tax-basis) as of December 31, 2017, and the related statements of revenue, expenses, and changes in net assets (tax-basis), functional expenses (tax-basis) and cash flows (tax-basis) for the year then ended, and the related notes to the combined financial statements.

### Management’s responsibility for the combined financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the tax basis of accounting described in Note 2; this includes determining that the tax basis of accounting is an acceptable basis for the preparation of the combined financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined financial statements.

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

#### Opinion

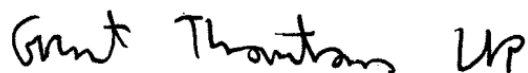
In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position - income tax basis of Endeavor Global, Inc. and subsidiaries as of December 31, 2017, and its revenue, expenses, and changes in net assets - income tax basis, and its cash flows - income tax basis for the year then ended in accordance with the basis of accounting the Organization uses for income tax purposes described in Note 2.

#### Basis of accounting

We draw attention to Note 2 of the combined financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting the Organization uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### Supplementary information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combining statement of financial position (tax-basis) and combining statement of revenue, expenses, and changes in net assets (tax-basis) is presented for purposes of additional analysis, rather than to present the financial position, revenue, expenses, and changes in net assets, and cash flows (tax-basis) of the individual entities (or, organizations or companies), and is not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.



New York, New York  
November 5, 2018

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Combined Statement of Financial Position (Tax-Basis)**  
**As of December 31, 2017**

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**ASSETS**

|   |                      |
|---|----------------------|
| Cash and cash equivalents                   | \$ 10,822,992        |
| Contribution receivable                     | 3,824,665            |
| Grants receivable                           | 560,013              |
| Partnership capital contribution receivable | 18,613               |
| Investments                                 | 37,835,491           |
| Prepaid expenses and other assets           | 144,253              |
| Due from affiliated entities                | 209,215              |
| Property and equipment - net                | <u>815,065</u>       |
| Total assets                                | <u>\$ 54,230,307</u> |

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

|                                       |                  |
|---------------------------------------|------------------|
| Accounts payable and accrued expenses | \$ 1,173,120     |
| Due to affiliated entities            | 411,995          |
| Deferred rent obligation              | <u>269,282</u>   |
| Total liabilities                     | <u>1,854,397</u> |

**NET ASSETS**

|                                  |                      |
|----------------------------------|----------------------|
| Unrestricted                     | 21,842,596           |
| Noncontrolling interest          | <u>26,694,770</u>    |
| Total unrestricted               | 48,537,366           |
| Temporarily restricted           | 3,813,544            |
| Permanently restricted           | <u>25,000</u>        |
| Total net assets                 | <u>52,375,910</u>    |
| Total liabilities and net assets | <u>\$ 54,230,307</u> |

*The accompanying notes are an integral part of this combined financial statement.*

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Combined Statement of Revenue, Expenses, and Changes in Net Assets (Tax-Basis)**  
**For the year ended December 31, 2017**

|   | <u>Unrestricted</u>  | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>         |
|---|----------------------|-----------------------------------|-----------------------------------|----------------------|
| <b>SUPPORT AND REVENUE</b>                |                      |                                   |                                   |                      |
| Contributions                             | \$ 2,378,030         | \$ 602,500                        | \$ -                              | \$ 2,980,530         |
| Grants                                    | 2,600,126            | -                                 | -                                 | 2,600,126            |
| Gala and other fund-raising events        | 2,752,464            | -                                 | -                                 | 2,752,464            |
| Net realized gains on investments         | 431,098              | -                                 | -                                 | 431,098              |
| Interest, dividend, and other income      | 280,319              | -                                 | -                                 | 280,319              |
| Net assets released from restrictions     | <u>2,583,956</u>     | <u>(2,583,956)</u>                | -                                 | <u>-</u>             |
| Total support and revenue                 | <u>11,025,993</u>    | <u>(1,981,456)</u>                | -                                 | <u>9,044,537</u>     |
| <b>EXPENSES</b>                           |                      |                                   |                                   |                      |
| Programs                                  |                      |                                   |                                   |                      |
| Entrepreneur selection and growth         | 4,830,957            | -                                 | -                                 | 4,830,957            |
| eMBA program                              | 198,730              | -                                 | -                                 | 198,730              |
| Endeavor net                              | 198,730              | -                                 | -                                 | 198,730              |
| Organizational development                | 703,645              | -                                 | -                                 | 703,645              |
| Insight                                   | 1,276,923            | -                                 | -                                 | 1,276,923            |
| New country expansion                     | 1,176,368            | -                                 | -                                 | 1,176,368            |
| Partnership and networks                  | 748,024              | -                                 | -                                 | 748,024              |
| Philanthropic networks                    | <u>247,969</u>       | <u>-</u>                          | <u>-</u>                          | <u>247,969</u>       |
| Total program expenses                    | 9,381,346            | -                                 | -                                 | 9,381,346            |
| Cost of direct benefits to donor          | 622,655              | -                                 | -                                 | 622,655              |
| Fundraising and development               | 2,427,389            | -                                 | -                                 | 2,427,389            |
| Management and general                    | <u>1,449,566</u>     | <u>-</u>                          | <u>-</u>                          | <u>1,449,566</u>     |
| Total expenses                            | <u>13,880,956</u>    | <u>-</u>                          | <u>-</u>                          | <u>13,880,956</u>    |
| Change in net assets from operations      | (2,854,963)          | (1,981,456)                       | -                                 | (4,836,419)          |
| Changes in net assets not from operations |                      |                                   |                                   |                      |
| Partners' capital contributions           | 13,610,100           | -                                 | -                                 | 13,610,100           |
| Partners' capital distributions           | <u>(222,529)</u>     | <u>-</u>                          | <u>-</u>                          | <u>(222,529)</u>     |
| Change in net assets                      | 10,532,608           | (1,981,456)                       | -                                 | 8,551,152            |
| Net assets, beginning of year             | <u>38,004,758</u>    | <u>5,795,000</u>                  | <u>25,000</u>                     | <u>43,824,758</u>    |
| Net assets, end of year                   | <u>\$ 48,537,366</u> | <u>\$ 3,813,544</u>               | <u>\$ 25,000</u>                  | <u>\$ 52,375,910</u> |

*The accompanying notes are an integral part of this combined financial statement.*

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Combined Statement of Functional Expenses (Tax-Basis)**  
**For the year ended December 31, 2017**

|                                  | Entrepreneur<br>Selection<br>and Growth | eMBA<br>Program   | Endeavor<br>Net   | People and<br>Operations | Insight             | New<br>Country<br>Expansion | Partnerships<br>and<br>Networks | Philanthropic<br>Networks | Total<br>Programs   | Cost of<br>Direct<br>Benefits<br>to Donor | Fundraising<br>and<br>Development | Management<br>and General | Total                |
|----------------------------------|---|-------------------|-------------------|--------------------------|---------------------|-----------------------------|---------------------------------|---------------------------|---------------------|---|-----------------------------------|---------------------------|----------------------|
| Salaries and wages               | \$ 2,381,439                            | \$ 133,221        | \$ 133,221        | \$ 339,731               | \$ 777,063          | \$ 718,566                  | \$ 441,294                      | \$ 166,228                | \$ 5,090,763        | \$ -                                      | \$ 997,943                        | \$ 662,428                | \$ 6,751,134         |
| Employee benefits                | 304,881                                 | 17,055            | 17,055            | 43,494                   | 99,482              | 91,993                      | 56,496                          | 21,281                    | 651,737             | -   | 102,812                           | 73,430                    | 827,979              |
| Payroll taxes                    | 164,060                                 | 9,178             | 9,178             | 23,404                   | 53,533              | 49,503                      | 30,401                          | 11,452                    | 350,709             | -   | 49,853                            | 29,679                    | 430,241              |
| Professional fees                | 116,238                                 | 5,192             | 5,192             | 28,854                   | 89,172              | 33,005                      | 22,550                          | 6,478                     | 306,681             | 8,464                                     | 376,992                           | 428,696                   | 1,120,833            |
| Contractor fees                  | 48,082                                  | 872               | 872               | 21,543                   | 5,085               | 4,852                       | 2,887                           | 1,088                     | 85,281              | -   | 14,991                            | 26,685                    | 126,957              |
| Supplies                         | 2,396                                   | 106               | 106               | 537                      | 648                 | 573                         | 360                             | 133                       | 4,859               | 247                                       | 1,131                             | 493                       | 6,730                |
| Telephone                        | 31,878                                  | 1,421             | 1,421             | 3,953                    | 9,457               | 8,155                       | 10,177                          | 1,773                     | 68,235              | -   | 11,591                            | 6,501                     | 86,327               |
| Postage and shipping             | 3,035                                   | 138               | 138               | 453                      | 849                 | 935                         | 797                             | 172                       | 6,517               | 1,742                                     | 49,219                            | 1,232                     | 58,710               |
| Rent, occupancy and utilities    | 192,084                                 | 10,242            | 10,242            | 26,118                   | 59,740              | 55,243                      | 77,368                          | 12,780                    | 443,817             | -   | 70,945                            | 42,267                    | 557,029              |
| Equipment rental and maintenance | -                                       | -                 | -                 | -                        | -                   | -                           | -                               | -                         | -                   | 36,169                                    | 3,299                             | 2,407                     | 41,875               |
| Printing and publications        | 24,452                                  | 174               | 174               | 965                      | 1,928               | 938                         | 10,303                          | 217                       | 39,151              | 31,752                                    | 108,881                           | 4,149                     | 183,933              |
| Grants awarded                   | -                                       | -                 | -                 | -                        | -                   | -                           | -                               | -                         | -                   | -   | 30,982                            | 52,626                    | 83,608               |
| Information technology           | 89,060                                  | 2,187             | 2,187             | 119,525                  | 17,314              | 11,796                      | 8,228                           | 2,729                     | 253,026             | 67  | 20,522                            | 4,939                     | 278,554              |
| Depreciation and amortization    | 105,102                                 | 5,880             | 5,880             | 14,994                   | 34,295              | 31,713                      | 19,476                          | 7,336                     | 224,676             | -   | 27,229                            | 14,702                    | 266,607              |
| Office expense                   | 6,167                                   | 90                | 90                | 691                      | 2,089               | 530                         | 333                             | 112                       | 10,102              | 193                                       | 3,314                             | 925                       | 14,534               |
| Marketing and education          | 7,104                                   | -                 | -                 | 184                      | 5,278               | -                           | 555                             | -                         | 13,121              | 3,590                                     | 46,929                            | 797                       | 64,437               |
| Events and activities            | 1,227,336                               | 6,363             | 6,363             | 62,326                   | 82,376              | 132,606                     | 45,954                          | 7,940                     | 1,571,264           | 540,431                                   | 472,961                           | 83,335                    | 2,667,991            |
| Other expenses                   | 127,643                                 | 6,611             | 6,611             | 16,873                   | 38,614              | 35,960                      | 20,845                          | 8,250                     | 261,407             | -   | 37,795                            | 14,275                    | 313,477              |
| Total expenses                   | <u>\$ 4,830,957</u>                     | <u>\$ 198,730</u> | <u>\$ 198,730</u> | <u>\$ 703,645</u>        | <u>\$ 1,276,923</u> | <u>\$ 1,176,368</u>         | <u>\$ 748,024</u>               | <u>\$ 247,969</u>         | <u>\$ 9,381,346</u> | <u>\$ 622,655</u>                         | <u>\$ 2,427,389</u>               | <u>\$ 1,449,566</u>       | <u>\$ 13,880,956</u> |

*The accompanying notes are an integral part of this combined financial statement.*

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Combined Statement of Cash Flows (Tax-Basis)**  
**For the year ended December 31, 2017**

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|  |                      |
|--|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |
| Change in net assets from operations   | \$ (4,836,419)       |
| Adjustments to reconcile change in net assets to net cash used in operating activities |                      |
| Depreciation and amortization  | 266,604              |
| Amortization of deferred rent  | (44,264)             |
| Net realized gains on investments  | (484,984)            |
| Present value discount on contributions and grants receivable                          | 34,147               |
| Bad debts  | 261,915              |
| Increase and decrease in assets and liabilities  |                      |
| Decrease in contributions receivable   | 258,524              |
| Decrease in grants receivable  | 1,841,156            |
| Decrease in prepaid expenses and other assets  | 13,889               |
| Decrease in due from affiliated entities   | 1,325,420            |
| Decrease in accounts payable and other accrued liabilities                             | (118,720)            |
| Decrease in due to affiliated entities   | (857,238)            |
| Increase in deferred revenue   | (161,562)            |
| Decrease in due to affiliated entities   | <u>(44,264)</u>      |
| Net cash used in operating activities  | <u>(2,545,796)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |
| Purchase of property and equipment   | (244,670)            |
| Purchase of investments  | (15,887,584)         |
| Proceeds from sale of investments  | <u>476,957</u>       |
| Net cash used in investing activities  | <u>(15,655,297)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                      |
| Partners' capital contributions  | 13,681,789           |
| Partners' capital distributions  | <u>(222,529)</u>     |
| Net cash provided by financing activities  | <u>13,459,260</u>    |
| Net decrease in cash and cash equivalents  | (4,741,833)          |
| Cash and cash equivalents, beginning of year   | <u>15,564,825</u>    |
| Cash and cash equivalents, end of year   | <u>\$ 10,822,992</u> |
| Supplemental disclosures of noncash financing activities:                              |                      |
| Contribution receivable  | <u>\$ 71,689</u>     |

*The accompanying notes are an integral part of this combined financial statement.*



# ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES

## Notes to Combined Financial Statements (Tax-Basis)

December 31, 2017

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### 1. ORGANIZATION AND NATURE OF ACTIVITIES

Endeavor Global, Inc. (“Endeavor”), a not-for-profit organization is leading the high-impact entrepreneurship movement around the world.

With the support of an unrivaled network of seasoned business leaders, Endeavor works to catalyze long-term economic growth by selecting, mentoring, and accelerating the best high-impact entrepreneurs worldwide.

Endeavor supports high-impact entrepreneurs so that they can build thriving companies that employ thousands of people, generate billions in wages, and inspire countless others as role models. Together, these entrepreneurs hold the key to sustained economic growth in every part of the world.

Through a rigorous, multi-step selection process, Endeavor annually screens thousands of entrepreneurs from around the world to identify those with the best talent and potential for impact.

Endeavor Catalyst, Inc. (“Catalyst”) is a not-for-profit supporting organization that supports Endeavor and was registered on September 20, 2011. Catalyst supports Endeavor in two ways. First, Catalyst raises funds that will be used for the benefit of Endeavor. Second, Catalyst invests some of its assets in other high-impact entrepreneur companies, which are associated with and the beneficiaries of Endeavor. These activities are expected to further the mission of Endeavor by enabling Endeavor to focus its charitable mission instead of fund-raising and by providing a more stable source of funding for Endeavor’s activities.

In May 2013, Catalyst established Endeavor Catalyst GP, Inc. (“Catalyst GP”), a Delaware Corporation, to be the general partner for Endeavor Catalyst I LP (“Catalyst I LP”), a for-profit Limited Partnership that co-invests in Endeavor Entrepreneurs alongside Catalyst. Catalyst I LP was also established in May 2013.

In April 2014, Endeavor Catalyst Affiliate, LP. (“Catalyst Affiliate”), a for-profit limited partnership was created to invest alongside both Catalyst I LP and Catalyst and on the same terms. Like Catalyst I LP, Catalyst Affiliate was managed by the Endeavor Catalyst GP, Inc. Catalyst Affiliate was subsequently closed in 2015.

In August 2015, Endeavor Catalyst IDB Side Car LP (“Catalyst IDB Side Car”) was created. This vehicle invests along-side Catalyst I LP, but only in the following markets: Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela. Like Catalyst I LP, Catalyst IDB Side Car was managed by Catalyst GP, Inc.

In October 2016, Catalyst established Endeavor Catalyst GP II, LLC. (“Catalyst II GP”), a Delaware Corporation, to be the general partner for Endeavor Catalyst II LP (“Catalyst II LP”) and Endeavor Catalyst II-A LP (“Catalyst II-A LP”), both for-profit Limited Partnerships that co-invest in Endeavor Entrepreneurs alongside Catalyst. Catalyst II LP was established in October 2016 and Catalyst II-A LP was established in December 2016.

# ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES

## Notes to Combined Financial Statements (Tax-Basis)

December 31, 2017

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Endeavor Global Limited (Singapore) is a not-for-profit organization, incorporated in the Republic of Singapore on August 26, 2011. Singapore was established to act as a global support office of Endeavor based and focusing on Asian markets. Please refer to Note 2 of these combined financial statements for more information.

The Organization's programs are described as follows:

### *Entrepreneur Selection and Growth*

Working with a network of local business leaders, Endeavor identifies and screens thousands of entrepreneur candidates who run high-growth businesses. Several times each year, a panel of experienced business people gathers to elect a new class of Endeavor Entrepreneurs, those individuals who demonstrate fulfillment of a specific set of values and conditions that match Endeavor's expectations and goals at an International Selection Panel.

Selected Endeavor Entrepreneurs receive customized services that meet their specific challenges. Endeavor's services include connecting Endeavor Entrepreneurs with local and global mentors and managerial talent from blue-chip companies and top business schools, and providing access to difficult-to-penetrate networks and educational programming for companies that seek venture capital/private equity and/or companies in later growth stages. At the same time, Endeavor has built a peer network of entrepreneurs that provide a strong, supportive community to face any challenge. At the end of 2017, Endeavor supported over 1,524 entrepreneurs from nearly companies across 27 countries.

### *eMBA Program*

Endeavor recruits MBA students from top U.S. and international business schools to spend 10-12 weeks on-site with Endeavor Entrepreneurs. eMBAs address critical issues and produce concrete deliverables, including honed business plans, strategic analyses of growth options, fund-raising plans, etc. Endeavor's educational programs also include participation of Endeavor Entrepreneurs in Global e-Lab programs.

### *Endeavor Net*

Endeavor codifies and transfers the information, best practices, and lessons learned that it has gathered through its proprietary Intranet and, where appropriate, through its website, <http://www.endeavor.org>. Endeavor is in the process of developing a social networking site that will connect entrepreneurs, board members, staff, volunteers and network members around the world.

### *Endeavor Insight*

Launched in 2009, Endeavor Insight is Endeavor's research team. Endeavor Insight seeks to deepen understanding of how high-impact entrepreneurs and scale-ups contribute to job creation and long-term economic growth in order to educate key constituencies, such as policy makers. In addition, Endeavor Insight seeks to serve as a knowledge center for high-impact entrepreneurs, venture capitalists and others in order to provide useful information and tools that assist entrepreneurs as they grow their businesses.

# ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES

## Notes to Combined Financial Statements (Tax-Basis)

December 31, 2017

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### *Expansion*

Endeavor believes that building strong local offices is the best way to ensure scalable and long-term success. This model places co-ownership of the Endeavor brand and lead responsibility for program execution on the local or affiliate office. Moreover, a local presence enables the organization to raise funds from local country benefactors and local sources to sustain local operations. Until the point at which an affiliate office is legalized as a separate, independent entity and has established a board of directors, Endeavor incurs all start-up and development costs. In 2017, Endeavor launched new operations in Kenya and Tunisia.

### *Global Networks*

The Partnerships and Networks team is focused on building a world-class community of Chief Executive Officers, business leaders, investors, and academia to mentor and support Catalyst's portfolio of High-Impact Entrepreneurs. Current activities include: engaging a U.S.-based Mentor Network of 575 individuals; leading the Catalyst Investor Network of 25+ leading venture capital firms; and building out a corporate network of top global companies that are interested in emerging and growth markets.

### *Philanthropic Networks*

Endeavor provides opportunities for both staff members and key Endeavor Entrepreneurs to discuss with world-class philanthropists and socially responsible corporate leaders ways to give back to the community on a personal and professional level. Endeavor encourages all of its donors not just to contribute financially, but also to donate their time to mentoring entrepreneurs and to pushing forward the cause of economic development in emerging markets. Each November, Endeavor hosts a gala event to highlight the social and philanthropic contributions of its entrepreneurs and network members. Endeavor Entrepreneurs are also spearheading the launch of affiliate-office endowments and/or local-country entrepreneur give-back programs to help build self-sustaining Endeavor operations for future generations of entrepreneurs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Principles of Combination**

The combined financial statements include the accounts of Endeavor, Catalyst, Catalyst GP, Catalyst I LP, Catalyst II GP, Catalyst II LP, Catalyst II-A LP, Catalyst Affiliate, Catalyst IDB Side Car, and Singapore which are collectively governed by a single common board of directors and are collectively referred to as the Organization (the "Organization"). All significant inter-organizational accounts and transactions between these entities have been eliminated in combination.

### **Basis of Accounting**

As of January 1, 2017, management adopted a policy of preparing its combined financial statements on the basis of accounting that it uses to file its federal income tax return. Prior to 2017, the Organization's financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. Management believes that this change results in less costly, more understandable, and relevant financial reporting, given the needs of the users of the financial statements.

# ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES

## Notes to Combined Financial Statements (Tax-Basis)

December 31, 2017

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Endeavor's federal income tax returns are subject to examination by taxing authorities. Due to the applicable of tax laws and regulations certain types of transactions are susceptible to varying interpretations, amounts report in the financial statement could be changed at a later date upon final determination by taxing authorities. The change in basis of accounting required retrospective application which was not material to the financial statements.

### Classification of Net Assets

The Organization's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Permanently restricted net assets* - Permanently restricted net assets result from donors who stipulate that their donated resources be maintained in perpetuity by the Organization. Generally, the Organization is permitted to expend part or all of the income and gains derived from these donated assets, restricted only by donors' stipulations as to their use, a standard of prudence and other provisions governing endowment funds of this nature pursuant to the New York Prudent Management of Institutional Funds Act ("NYPMIFA").
- *Temporarily restricted net assets* - Temporarily restricted net assets are net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.
- *Unrestricted net assets* - The part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

### Revenue Recognition

The Organization records the following types of contributions and grants at fair value when they are received unconditionally: cash and gifts of other assets, and promises to give. Conditional contributions and grants are recognized as support when the conditions on which they depend have been substantially met. Contributions, grants and unconditional promises to give are classified as unrestricted, temporarily restricted or permanently restricted support based on the absence or existence of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 combined statements of activities as net assets released from restrictions. Grants and contributions received that are restricted by donors for investments in Endeavor Entrepreneurs are released from restrictions when the amounts have been invested. Donor-imposed restrictions that are met in the same period are classified as unrestricted contributions or grants in the combined statements of activities.

Gross proceeds from gala and other fund-raising events are recognized as support and revenue, with the direct cost of benefits to donors in these events recognized as expenses, in the combined statements of activities.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
**December 31, 2017**

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**Cash and Cash Equivalents**

The Organization considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents.

**Capital Contributions**

As of December 31, 2017, the Fund had contributions receivable for capital calls, not included on the combined statement of financial position under the tax basis of accounting, amounting to \$4,469,092, of which \$3,386,053 has been received as of October 31, 2018.

**Contributions and Grants Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are to be collected in future years are recorded at the present value of their estimated future cash flows, using a borrowing rate which also considers the credit risk factors of the donor at the time the unconditional promise is recorded. Receivables are written off when management deems the possibility of collecting amounts due as remote. Bad debt expenses for the year ended December 31, 2017 was \$261,915, which are included in bad debt and other expenses in combined statements of functional expenses.

**Allowance for Doubtful Accounts**

Factors used to determine whether an allowance should be recorded for contributions receivable and other receivables include the age of the receivable, the creditworthiness of the donors, account activity, and a review of payments subsequent to year end.

**Investments**

Investments in readily marketable equity securities are reported at cost, in accordance with the tax basis of accounting.

The Organization regularly assesses its investments recorded via cost basis to determine whether or not they should be written off. These investments would be written off when the investment is deemed worthless upon the completion of a facts and circumstances test, which bankruptcy and the remote possibility of collection would satisfy.

Due to the level of risk associated with investments in general, it is possible that changes in the value of investments may occur in the near term and that such changes could materially affect the amounts reported in the combined financial statements and accompanying notes. Risks affecting these investments include, but are not limited to, increasing competition, access to additional financing, changes in economic and industry conditions and political changes. Other significant types of financial risks to which the Organization is exposed include, but are not limited to, market risk, illiquidity risk and other additional risks. Certain aspects of those risks are addressed below.

**Market Risk**

Market risk encompasses the potential for both losses and gains and includes price risk.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
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**Price Risk/Nature of Investment**

The majority of the Organization's investments are long-term and highly illiquid, and there is no assurance that the Organization will achieve investment objectives. Due to the illiquidity of the investments, valuation of the assets may be difficult, as there generally will be no established markets for these assets. As such, the Organization's investments are stated at cost.

Many of the Organization's portfolio companies may be unseasoned, unprofitable and/or have no established operating history or earnings. These companies may also lack technical, marketing, financial and other resources or may be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of a product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

The Organization invests in companies at early and expansion stages of development, including the start-up stage. In these types of enterprises, a risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company.

**Illiquidity of Investments**

The portfolio companies in which the Organization initially invests are initially privately held. As a result, there will be no readily available secondary market for the Organization's interests in such portfolio companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that the Organization will be able to realize liquidity for such investments in a timely manner, if at all. Unless a portfolio company subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity will not be available to the Organization, which must then rely on other means to achieve liquidity. In addition, the Organization may be precluded from selling its shares in a public portfolio company for some time after such portfolio company's initial public offering, if any.

The Organization may be prohibited by lock-up agreements or insider trading restrictions from distributing or selling portfolio company securities for a period of time, during which the price of a portfolio company's securities could decline.

**Concentration Risk**

The Organization participates in a limited number of portfolio investments and, as a consequence, the aggregate return of the Organization may be materially and adversely affected by the unfavorable performance of even a single portfolio investment.

The Organization focuses on investments primarily in technology, health and life sciences industries. Thus, the performance of the Organization may be closely linked to the performance of these industries and the Organization could be severely impacted by adverse developments affecting these industries.

The Organization has not adopted policies requiring that its portfolio companies be diversified in different geographic areas. If several investments are concentrated in one geographic area, the Organization could be severely impacted by adverse developments affecting that geographic area.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
**December 31, 2017**

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**Legal and Regulatory Risks**

The Organization invests in certain portfolio companies that may be subject to extensive governmental regulations and oversight with respect to their business activities. The failure of such portfolio companies to comply with applicable regulations, obtain applicable regulatory approvals, or maintain those approvals so obtained may subject the applicable portfolio company to civil penalties, suspension or withdrawal of any regulatory approval obtained, product recalls and seizures, injunctions, operating restrictions, and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on the Organization's investment in such companies.

The determination of the recorded value of these investments that are reported at cost, as described in this note, involves a significant degree of judgment by management. The eventual realized value of these investments may differ materially from these values.

**Property and Equipment**

Property and equipment is stated at cost at date of acquisition or fair market value at date of donation. The Organization's capitalization policy for property and equipment, which includes betterments, improvements and major repairs, is limited to purchases greater than \$1,000 with an estimated useful life greater than one year. Assets are capitalized from 3 to 7 years while Leasehold Improvements are capitalized over the lesser of the lease term or asset life. Maintenance and minor repairs of property are expensed as incurred.

Depreciation and amortization are recognized on a straight-line basis over the estimated useful lives of the respective assets.

**Grants Awarded**

Grants awarded to other organizations are recognized in the period an unconditional promise to give is approved and committed by the Organization. All grant awards are paid within one year. Grants are recorded as an expense of the Foundation when authorized by the Board of Trustees and the grantee has been selected and notified. Refunded grants are recorded as a reduction to grant expense. Conditional grants are not recorded until the conditions are substantially met.

**Functional Allocation of Expenses**

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

**Accounting Estimates**

When management prepares the combined financial statements in conformity with tax basis of accounting, management is required 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

Endeavor Global follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and

# ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES

## Notes to Combined Financial Statements (Tax-Basis)

### December 31, 2017

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measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the combined financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

Endeavor Global and Catalyst are exempt from federal income tax under IRC section 501(c)(3), though both are subject to tax on income unrelated to their respective exempt purposes, unless that income is otherwise excluded by the Internal Revenue Code. Endeavor Global has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated business income; to determine its filing and tax obligations in jurisdictions for which it was nexus; and to identify and evaluate other matters that may be considered tax positions. Endeavor Global has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, Endeavor Global has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

Catalyst I LP, Catalyst II LP, Catalyst II-A LP, and Catalyst IDB Side Car are not subject to federal income tax, but may be subject to certain state taxes. Each partner is individually liable for taxes on its share of the limited partnerships' income or loss.

Management has evaluated the aforementioned entities' tax positions for all open tax years and has concluded that they have taken no uncertain tax positions that would require adjustment or disclosure to the accompanying combined financial statements.

The income taxes for Singapore are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognized in the financial statements or tax returns.

#### **Recently Issued Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 (i.e., fiscal year ending December 31, 2018), with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is in the process of evaluating the impact this standard will have on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. In August 2015,



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the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year. The guidance is effective for the interim and annual periods on or after December 15, 2017 (i.e., fiscal year ending December 31, 2018). The guidance permits the use of either a retrospective or cumulative effect transition method. The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or a future transfer of assets) until it has overcome the barriers in the agreement. For recipients, the effective date of the amendments is for annual periods beginning after December 15, 2018 (i.e., fiscal year ending December 31, 2019). The Organization is currently evaluating the new guidance and has not determined the impact this standard may have on the financial statements nor decided upon the method of adoption.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for fiscal year 2021. Early adoption is permitted. The Organization is in the process of evaluating the impact this standard will have on the financial statements.

**Subsequent Events**

The Organization evaluated subsequent events occurring after the date of the combined financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the combined financial statements. Such evaluation was performed through November 5, 2018, the date the combined financial statements were available to be issued.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
**December 31, 2017**

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**3. CONTRIBUTIONS AND GRANTS RECEIVABLE**

Contributions and grants receivable consist of unconditional promises to give, all of which are expected to be collectible as of December 31, 2017 as follows:

|  | <u>Contributions</u> | <u>Grants</u>     | <u>Total</u>        |
|--|----------------------|-------------------|---------------------|
| Amount due in less than one year                                       | \$ 2,491,259         | \$ 260,000        | \$ 2,751,259        |
| Due in one to five years   | <u>1,373,500</u>     | <u>300,013</u>    | <u>1,673,513</u>    |
|  | 3,864,759            | 560,013           | 4,424,772           |
| Less discount to present value at rates ranging<br>from 1.38% to 2.09% | <u>(40,094)</u>      | <u>-</u>          | <u>(40,094)</u>     |
|  | <u>\$ 3,824,665</u>  | <u>\$ 560,013</u> | <u>\$ 4,384,678</u> |

**4. INVESTMENTS**

Investments are comprised of equity securities at cost. Equity securities at cost represent the aggregate of 61 individual investments made by Catalyst, Catalyst I LP, Catalyst IDB Side Car, Catalyst II, and Catalyst II-A in Endeavor Entrepreneur companies, with ownership interests ranging from approximately 0.1% - 3.4% in each respective company.

The aggregate value of equity investments that are reported at the cost basis was \$37,835,491 at December 31, 2017. While Catalyst has adopted a policy of following the investment decisions made by the lead investor in each respective Endeavor Entrepreneur Company, there is no requirement to do so, with all investment transactions being subject to the discretion of the sustainability subcommittee of Endeavor's board of directors.

In 2017, the Organization sold one of its equity securities that was recorded under a cost method, and reported \$431,098 realized gain on the combined statements of activities.

There were no unfunded investment commitments as of December 31, 2017.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
**December 31, 2017**

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**5. PROPERTY AND EQUIPMENT**

As of December 31, 2017, property and equipment consist of the following:

|   |                    |
|---|--------------------|
| Software  | \$ 356,801         |
| Leasehold improvements                          | 1,171,681          |
| Furniture and fixtures                          | 159,335            |
| Computer equipment                              | 123,811            |
| Other equipment                                 | <u>99,520</u>      |
|   | 1,911,148          |
| Less: accumulated depreciation and amortization | <u>(1,096,083)</u> |
|   | <u>\$ 815,065</u>  |

Depreciation expense for the year ended December 31, 2017 was \$266,604.

**6. COMMITMENTS**

Endeavor, Catalyst, Catalyst GP, Catalyst II GP, Catalyst I LP, Catalyst II LP, Catalyst II-A LP, and Catalyst IDB Side Car LP operate under a lease for office space in New York City expiring on July 31, 2021. There is also a satellite office in San Francisco that operates under a month-to-month lease. In addition to the base rent, these leases included monthly electric charges. There was no office space utilized in Singapore.

Future minimum rental payments required under this operating lease as of December 31, 2017 is as follows:

| <b>Years Ending December 31,</b> |                     |
|----------------------------------|---------------------|
| 2018                             | \$ 458,000          |
| 2019                             | 472,000             |
| 2020                             | 486,000             |
| 2021                             | <u>289,000</u>      |
|                                  | <u>\$ 1,705,000</u> |

The Organization recognizes deferred rent payable for the difference between the cumulative amounts of recorded rent expense on a straight-line basis over the term of the lease and the cumulative required amounts paid under the lease. Deferred rent payable amounted to approximately \$269,282 as of December 31, 2017. Rent expense for the office spaces for the year ended December 31, 2017 was approximately \$400,656.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
**December 31, 2017**

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**7. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash and cash equivalents in a number of bank accounts. The cash in these accounts from time to time exceeds the Federal Deposit Insurance Corporation coverage and subjects the Organization to concentration risk. However, the Organization monitors this risk on a regular basis. The Organization has not experienced any losses in such accounts. As of December 31, 2017, the Organization held \$8,723,388 in excess of federally insured limits.

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes as of December 31, 2017:

|   |                     |
|---|---------------------|
| Endeavor expansion and time-restricted  | \$ 2,048,500        |
| Search and selection fellowship program entrepreneur services and time-restricted | 270,000             |
| Time-restricted   | 1,425,044           |
| Insight and time-restricted   | <u>70,000</u>       |
|   | <u>\$ 3,813,544</u> |

Temporarily restricted net assets were released from restrictions during the year ended December 31, 2017 by incurring expenses satisfying the restricted purposes, passage of time, or occurrence of other events, as follows:

|   |                     |
|---|---------------------|
| Endeavor expansion and time-restricted  | \$ 1,939,000        |
| Search and selection fellowship program entrepreneur services and time-restricted | 270,000             |
| Time-restricted   | <u>374,956</u>      |
|   | <u>\$ 2,583,956</u> |

**9. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets represent contributions received in prior years for the establishment of an endowment for Endeavor's Global Initiative Fund. Total permanently restricted net assets as of December 31, 2017 totaled \$25,000.

**10. LINE OF CREDIT**

Endeavor maintained a \$2,000,000 business line of credit (the "Line") with a certain financial institution during 2017. Borrowings under this arrangement are for general operating needs of Endeavor. Borrowings on this line of credit note accrued interest at the LIBOR rate plus the applicable margin of 3.51% per annum for the year ended December 31, 2017. The Line matures on November 15, 2018.

The interest rate as of December 31, 2017 was 5.59%. There was no outstanding balance on the Line at December 31, 2017.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
**December 31, 2017**

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**11. RETIREMENT PLAN**

The Organization maintains a 403(b) plan. All contributions made to the 403(b) plan are fully vested when made. Individuals are eligible to enroll on the first day of any month that follows their date of hire. The Organization makes contributions equal to earned salary reductions as elected by the participant, up to \$12,500 or 5% of the participant's earned, annual salary, whichever is lower. The Organization paid matching contributions totaling \$182,454 during 2017.

The Organization also maintains a 457(b) Plan for Executive Retirement Savings to supplement the above 403(b) plan for the employees with salaries over \$250,000. Eligible participants are designated by the Organization's Management and the Compensation Committee. The Organization makes contributions to the 457(b) plan of employees who cannot reach a 5% salary match under the 403(b) plan. Such contributions by the Organization amounted to \$18,000 during 2017.

**12. MAJOR CONTRIBUTORS AND GRANTORS**

Endeavor received contributions and grants from three donors during fiscal 2017 totaling approximately \$3,585,000. These contributions and grants accounted for approximately 43% of the 2017 total support and revenue for Endeavor, respectively. Receivables due from three donors amounting to approximately \$2,275,000 accounted for 52% of the total reported contributions, grants and other receivable at December 31, 2017.

**13. DUE FROM/TO AFFILIATED ENTITIES**

Due to affiliated entities represents cash received by Endeavor on behalf of its affiliated entities. These amounts will be ultimately distributed to the affiliated entities. Within the Due To Affiliates balance are amounts due to Endeavor Peru and Endeavor Puerto Rico in the amounts of \$48,798 and \$49,700, respectively.

**14. RELATED PARTY TRANSACTIONS**

During 2017, Catalyst I LP and Catalyst incurred \$11,005 in aggregate of commission fees for a fundraising consulting service firm whose partner is a member of Endeavor's board of directors. Included in accounts payable and accrued liabilities is \$53,376, representing the unpaid portion of the commission fees as of December 31, 2017 in the combined statements of financial position.

The Organization received contributions and gala sponsorship fees of approximately \$350,000 from its board members during 2017.

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Notes to Combined Financial Statements (Tax-Basis)**  
**December 31, 2017**

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**15. CHANGES IN COMBINED UNRESTRICTED NET ASSETS**

The changes in combined unrestricted net assets of the Organization and the noncontrolling interests in Catalyst I LP, Catalyst II LP, Catalyst II-A LP, and Catalyst IDB Side Car LP during the year ended December 31, 2017 is summarized below.

|   | <u>Total<br/>Unrestricted</u> | <u>Unrestricted</u>  | <u>Noncontrolling<br/>Interest</u> |
|---|-------------------------------|----------------------|------------------------------------|
| <b>Balance, January 1</b>                 | \$ 38,004,758                 | \$ 22,734,705        | \$ 15,270,053                      |
| Change in net assets from operations      | (2,854,963)                   | (892,109)            | (1,962,854)                        |
| Changes in net assets not from operations |                               |                      |                                    |
| Partners' capital contributions           | <u>13,387,571</u>             | <u>-</u>             | <u>13,387,571</u>                  |
| Change in net assets                      | <u>10,532,608</u>             | <u>(892,109)</u>     | <u>11,424,717</u>                  |
| <b>Balance, December 31</b>               | <u>\$ 48,537,366</u>          | <u>\$ 21,842,596</u> | <u>\$ 26,694,770</u>               |

**SUPPLEMENTARY INFORMATION**

**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Combining Statement of Financial Position (Tax-Basis)**  
**As of December 31, 2017**

|   | <u>GLOBAL</u>        | <u>SINGAPORE</u> | <u>CATALYST</u>      | <u>GP</u>           | <u>LP</u>            | <u>LP II</u>         | <u>SIDE CAR LP</u>  | <u>GPII</u>         | <u>LPII-A</u>     | <u>Eliminating</u>     | <u>Total</u>         |
|---|----------------------|------------------|----------------------|---------------------|----------------------|----------------------|---------------------|---------------------|-------------------|------------------------|----------------------|
| <b>ASSETS</b>                               |                      |                  |                      |                     |                      |                      |                     |                     |                   |                        |                      |
| Cash and cash equivalents                   | \$ 5,268,454         | \$ 38,442        | \$ 3,510,965         | \$ 320,905          | \$ 1,019,416         | \$ 568,537           | \$ 71,363           | \$ -                | \$ 24,910         | \$ -                   | \$ 10,822,992        |
| Contribution receivable                     | 3,474,665            | -                | 350,000              | -                   | -                    | -                    | -                   | -                   | -                 | -                      | 3,824,665            |
| Grants receivable                           | 560,013              | -                | -                    | -                   | -                    | -                    | -                   | -                   | -                 | -                      | 560,013              |
| Partnership capital contribution receivable | -                    | -                | -                    | -                   | -                    | -                    | 18,613              | -                   | -                 | -                      | 18,613               |
| Investments                                 | -                    | -                | 4,933,391            | -                   | 16,459,307           | 14,587,250           | 1,504,513           | -                   | 351,030           | -                      | 37,835,491           |
| Prepaid expenses and other assets           | 104,387              | -                | -                    | -                   | 39,866               | -                    | -                   | -                   | -                 | -                      | 144,253              |
| Due from affiliated entities                | 889,853              | -                | 7,593,896            | 3,004,112           | 210,647              | 27,871               | 145,658             | 2,500,000           | -                 | (14,162,822)           | 209,215              |
| Property and equipment - Net                | 815,065              | -                | -                    | -                   | -                    | -                    | -                   | -                   | -                 | -                      | 815,065              |
| Total assets                                | <u>\$ 11,112,437</u> | <u>\$ 38,442</u> | <u>\$ 16,388,252</u> | <u>\$ 3,325,017</u> | <u>\$ 17,729,236</u> | <u>\$ 15,183,658</u> | <u>\$ 1,740,147</u> | <u>\$ 2,500,000</u> | <u>\$ 375,940</u> | <u>\$ (14,162,822)</u> | <u>\$ 54,230,307</u> |
| <b>LIABILITIES AND NET ASSETS</b>           |                      |                  |                      |                     |                      |                      |                     |                     |                   |                        |                      |
| <b>LIABILITIES</b>                          |                      |                  |                      |                     |                      |                      |                     |                     |                   |                        |                      |
| Accounts payable and accrued expenses       | \$ 897,355           | \$ 68,573        | \$ 16,167            | \$ -                | \$ 78,629            | \$ 109,650           | \$ -                | \$ -                | \$ 2,746          | \$ -                   | \$ 1,173,120         |
| Deferred revenue                            | -                    | -                | -                    | -                   | -                    | -                    | -                   | -                   | -                 | -                      | -                    |
| Due to affiliated entities                  | 413,155              | -                | 192,920              | 3,325,556           | 603,873              | 1,707,800            | 230,795             | 2,500,000           | 41,626            | (8,603,730)            | 411,995              |
| Deferred rent obligation                    | 269,282              | -                | -                    | -                   | -                    | -                    | -                   | -                   | -                 | -                      | 269,282              |
| Total liabilities                           | <u>1,579,792</u>     | <u>68,573</u>    | <u>209,087</u>       | <u>3,325,556</u>    | <u>682,502</u>       | <u>1,817,450</u>     | <u>230,795</u>      | <u>2,500,000</u>    | <u>44,372</u>     | <u>(8,603,730)</u>     | <u>1,854,397</u>     |
| <b>NET ASSETS</b>                           |                      |                  |                      |                     |                      |                      |                     |                     |                   |                        |                      |
| Unrestricted                                | 5,994,101            | (30,131)         | 15,879,165           | (539)               | -                    | -                    | -                   | -                   | -                 | -                      | 21,842,596           |
| Noncontrolling interest                     | -                    | -                | -                    | -                   | 17,046,734           | 13,366,208           | 1,509,352           | -                   | 331,568           | (5,559,092)            | 26,694,770           |
| Total unrestricted                          | 5,994,101            | (30,131)         | 15,879,165           | (539)               | 17,046,734           | 13,366,208           | 1,509,352           | -                   | 331,568           | (5,559,092)            | 48,537,366           |
| Temporarily restricted                      | 3,513,544            | -                | 300,000              | -                   | -                    | -                    | -                   | -                   | -                 | -                      | 3,813,544            |
| Permanently restricted                      | 25,000               | -                | -                    | -                   | -                    | -                    | -                   | -                   | -                 | -                      | 25,000               |
| Total restricted net assets                 | 3,538,544            | -                | 300,000              | -                   | -                    | -                    | -                   | -                   | -                 | -                      | 3,838,544            |
| Total net assets                            | <u>9,532,645</u>     | <u>(30,131)</u>  | <u>16,179,165</u>    | <u>(539)</u>        | <u>17,046,734</u>    | <u>13,366,208</u>    | <u>1,509,352</u>    | <u>-</u>            | <u>331,568</u>    | <u>(5,559,092)</u>     | <u>52,375,910</u>    |
| Total liabilities and net assets            | <u>\$ 11,112,437</u> | <u>\$ 38,442</u> | <u>\$ 16,388,252</u> | <u>\$ 3,325,017</u> | <u>\$ 17,729,236</u> | <u>\$ 15,183,658</u> | <u>\$ 1,740,147</u> | <u>\$ 2,500,000</u> | <u>\$ 375,940</u> | <u>\$ (14,162,822)</u> | <u>\$ 54,230,307</u> |



**ENDEAVOR GLOBAL, INC. AND SUBSIDIARIES**  
**Combining Statement of Revenue, Expenses, and Changes in Net Assets (Tax-Basis)**  
**For the year ended December 31, 2017**

|   | GLOBAL       |                      |                        |              | SINGAPORE   | CATALYST      | GP        | LP            | LP II         | SIDE CAR LP  | LP II-A    | Eliminating    | Total         |
|---|--------------|----------------------|------------------------|--------------|-------------|---------------|-----------|---------------|---------------|--------------|------------|----------------|---------------|
|   | Unrestricted | Temporary Restricted | Permanently Restricted | Total        |             |               |           |               |               |              |            |                |               |
| <b>SUPPORT AND REVENUE</b>                                |              |                      |                        |              |             |               |           |               |               |              |            |                |               |
| Contributions   | \$ 2,368,030 | \$ 602,500           | \$ -                   | \$ 2,970,530 | \$ -        | \$ 10,000     | \$ -      | \$ -          | \$ -          | \$ -         | \$ -       | \$ -           | \$ 2,980,530  |
| Grants  | 2,600,126    | -                    | -                      | 2,600,126    | -           | -             | -         | -             | -             | -            | -          | -              | 2,600,126     |
| Gala and other fund-raising events                        | 2,752,464    | -                    | -                      | 2,752,464    | -           | -             | -         | -             | -             | -            | -          | -              | 2,752,464     |
| Net realized and unrealized (losses) gains on investments | 14,275       | -                    | -                      | 14,275       | -           | 306,093       | 306,093   | 416,823       | -             | -            | -          | (612,186)      | 431,098       |
| Interest, dividend, and other income                      | 270,973      | -                    | -                      | 270,973      | 101         | 202,195       | -         | -             | -             | -            | -          | (192,950)      | 280,319       |
| In-kind contributions                                     | -            | -                    | -                      | -            | -           | -             | -         | -             | -             | -            | -          | -              | -             |
| Net asset released from restrictions                      | 2,583,955    | (2,583,955)          | -                      | -            | -           | -             | -         | -             | -             | -            | -          | -              | -             |
| Total support and revenue                                 | 10,589,823   | (1,981,455)          | -                      | 8,608,368    | 101         | 518,288       | 306,093   | 416,823       | -             | -            | -          | (805,136)      | 9,044,537     |
| <b>EXPENSES</b>   |              |                      |                        |              |             |               |           |               |               |              |            |                |               |
| <b>Programs</b>   |              |                      |                        |              |             |               |           |               |               |              |            |                |               |
| Entrepreneur Selection and Growth                         | 4,830,957    | -                    | -                      | 4,830,957    | -           | -             | -         | -             | -             | -            | -          | -              | 4,830,957     |
| eMBA Program  | 198,730      | -                    | -                      | 198,730      | -           | -             | -         | -             | -             | -            | -          | -              | 198,730       |
| Endeavor Net  | 198,730      | -                    | -                      | 198,730      | -           | -             | -         | -             | -             | -            | -          | -              | 198,730       |
| Organizational Development                                | 703,645      | -                    | -                      | 703,645      | -           | -             | -         | -             | -             | -            | -          | -              | 703,645       |
| Insight   | 1,276,923    | -                    | -                      | 1,276,923    | -           | -             | -         | -             | -             | -            | -          | -              | 1,276,923     |
| New Country Expansion                                     | 1,176,368    | -                    | -                      | 1,176,368    | -           | -             | -         | -             | -             | -            | -          | -              | 1,176,368     |
| Partnership and Networks                                  | 748,024      | -                    | -                      | 748,024      | -           | -             | -         | -             | -             | -            | -          | -              | 748,024       |
| Philanthropic Networks                                    | 247,969      | -                    | -                      | 247,969      | -           | -             | -         | -             | -             | -            | -          | -              | 247,969       |
| Total programs expenses                                   | 9,381,346    | -                    | -                      | 9,381,346    | -           | -             | -         | -             | -             | -            | -          | -              | 9,381,346     |
| Cost of direct benefit to donor                           | 622,655      | -                    | -                      | 622,655      | -           | -             | -         | -             | -             | -            | -          | -              | 622,655       |
| Fundraising and development                               | 1,092,378    | -                    | -                      | 1,092,378    | -           | 224,376       | -         | 176,067       | 940,101       | 8,696        | 49,745     | (63,974)       | 2,427,389     |
| Management and general                                    | 198,730      | -                    | -                      | 198,730      | 28,313      | 452,358       | -         | 365,965       | 489,239       | 18,998       | 24,937     | (128,974)      | 1,449,566     |
| Total expenses  | 11,295,109   | -                    | -                      | 11,295,109   | 28,313      | 676,734       | -         | 542,032       | 1,429,340     | 27,694       | 74,682     | (192,948)      | 13,880,956    |
| Change in net assets before other changes                 | (705,286)    | (1,981,455)          | -                      | (2,686,741)  | (28,212)    | (158,446)     | 306,093   | (125,209)     | (1,429,340)   | (27,694)     | (74,682)   | (612,188)      | (4,836,419)   |
| <b>Other changes in net assets</b>                        |              |                      |                        |              |             |               |           |               |               |              |            |                |               |
| Partner's capital contributions                           | -            | -                    | -                      | -            | -           | -             | -         | -             | 16,077,409    | (395,760)    | 406,250    | (2,477,799)    | 13,610,100    |
| Partner's capital distributions                           | -            | -                    | -                      | -            | -           | -             | (306,258) | (469,365)     | -             | -            | -          | 553,094        | (222,529)     |
| Change in net assets                                      | (705,286)    | (1,981,455)          | -                      | (2,686,741)  | (28,212)    | (158,446)     | (165)     | (594,574)     | 14,648,069    | (423,454)    | 331,568    | (2,536,893)    | 8,551,152     |
| Net assets, beginning of year                             | 6,399,386    | 5,795,000            | 25,000                 | 12,219,386   | (1,919)     | 16,337,611    | (374)     | 17,641,308    | (1,281,861)   | 1,932,806    | -          | (3,022,199)    | 43,824,758    |
| Net assets, end of year                                   | \$ 5,694,100 | \$ 3,813,545         | \$ 25,000              | \$ 9,532,645 | \$ (30,131) | \$ 16,179,165 | \$ (539)  | \$ 17,046,734 | \$ 13,366,208 | \$ 1,509,352 | \$ 331,568 | \$ (5,559,092) | \$ 52,375,910 |