

# Endeavor Global, Inc. and Subsidiaries

Consolidated Financial Report  
December 31, 2014

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## Independent Auditor's Report

To the Board of Directors  
Endeavor Global, Inc.  
New York, New York

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Endeavor Global, Inc. and Subsidiaries (collectively, the Organization), which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, functional expenses, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as of and for the year ended December 31, 2014 is presented for purposes of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 2014 consolidated financial statements as a whole.

*McGladrey LLP*

New York, New York  
August 14, 2015

Endeavor Global, Inc. and Subsidiaries

Consolidated Statements of Financial Position  
December 31, 2014 and 2013

	2014	2013
<b>Assets</b>		
Cash and Cash Equivalents	\$ 8,630,850	\$ 10,207,024
Contributions Receivable	5,842,654	5,193,318
Grants and Other Receivables	1,541,935	1,051,020
Investments	13,059,747	7,464,452
Prepaid Expenses and Other Assets	210,391	278,015
Due From Affiliated Entities	432,728	289,947
Property and Equipment - Net	1,002,494	1,139,428
<b>Total assets</b>	<b>\$ 30,720,799</b>	<b>\$ 25,623,204</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and other accrued liabilities	\$ 470,571	\$ 425,330
Deferred revenue	34,578	-
Due to affiliated entities	240,808	540,549
Deferred rent obligation	309,379	282,531
<b>Total liabilities</b>	<b>1,055,336</b>	<b>1,248,410</b>
Commitments		
Net Assets		
Unrestricted	20,174,695	19,411,072
Noncontrolling interest in Catalyst I LP	3,115,436	253,371
<b>Total unrestricted</b>	<b>23,290,131</b>	<b>19,664,443</b>
Temporarily restricted	6,350,332	4,685,351
Permanently restricted	25,000	25,000
<b>Total net assets</b>	<b>29,665,463</b>	<b>24,374,794</b>
<b>Total liabilities and net assets</b>	<b>\$ 30,720,799</b>	<b>\$ 25,623,204</b>

See Notes to Consolidated Financial Statements.

Endeavor Global, Inc. and Subsidiaries

Consolidated Statements of Activities  
Years Ended December 31, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and Revenue</b>								
Contributions	\$ 1,876,748	\$ 785,000	\$ -	\$ 2,661,748	\$ 1,190,065	\$ 3,280,000	\$ -	\$ 4,470,065
Grants	1,452,385	3,368,744	-	4,821,129	3,650,900	348,763	-	3,999,663
Gala and other fund-raising events	1,929,079	-	-	1,929,079	2,400,644	-	-	2,400,644
Program service fees	800,000	-	-	800,000	1,000,000	-	-	1,000,000
Net realized and unrealized gains (losses) on investments	1,800,320	-	-	1,800,320	(152,093)	-	-	(152,093)
Interest and other income	390,978	-	-	390,978	263,831	-	-	263,831
In-kind contributions	3,406,714	-	-	3,406,714	4,177,633	-	-	4,177,633
Net Assets Released From Restrictions	2,488,763	(2,488,763)	-	-	2,475,315	(2,475,315)	-	-
<b>Total support and revenue</b>	<b>14,144,987</b>	<b>1,664,981</b>	<b>-</b>	<b>15,809,968</b>	<b>15,006,295</b>	<b>1,153,448</b>	<b>-</b>	<b>16,159,743</b>
<b>Expenses</b>								
Programs:								
Entrepreneur Selection and Growth	4,201,472	-	-	4,201,472	4,191,519	-	-	4,191,519
eMBA Program	298,023	-	-	298,023	334,615	-	-	334,615
Endeavor Net	333,285	-	-	333,285	360,637	-	-	360,637
Organizational Development	1,176,887	-	-	1,176,887	1,546,747	-	-	1,546,747
Insight	1,290,427	-	-	1,290,427	1,120,580	-	-	1,120,580
New Country Expansion	2,207,019	-	-	2,207,019	2,390,262	-	-	2,390,262
Partnerships and Networks	1,129,462	-	-	1,129,462	1,417,336	-	-	1,417,336
Philanthropic Networks	686,236	-	-	686,236	560,555	-	-	560,555
<b>Total program expenses</b>	<b>11,322,811</b>	<b>-</b>	<b>-</b>	<b>11,322,811</b>	<b>11,922,251</b>	<b>-</b>	<b>-</b>	<b>11,922,251</b>
Cost of Direct Benefits to Donor	263,243	-	-	263,243	305,709	-	-	305,709
Fund-Raising and Development	1,526,169	-	-	1,526,169	1,906,410	-	-	1,906,410
Management and General	1,081,862	-	-	1,081,862	672,277	-	-	672,277
<b>Total expenses</b>	<b>14,194,085</b>	<b>-</b>	<b>-</b>	<b>14,194,085</b>	<b>14,806,647</b>	<b>-</b>	<b>-</b>	<b>14,806,647</b>
<b>Change in net assets before other changes</b>	<b>(49,098)</b>	<b>1,664,981</b>	<b>-</b>	<b>1,615,883</b>	<b>199,648</b>	<b>1,153,448</b>	<b>-</b>	<b>1,353,096</b>
Other Changes in Net Assets								
Partners' capital contributions	3,674,786	-	-	3,674,786	940,000	-	-	940,000
<b>Change in net assets</b>	<b>3,625,688</b>	<b>1,664,981</b>	<b>-</b>	<b>5,290,669</b>	<b>1,139,648</b>	<b>1,153,448</b>	<b>-</b>	<b>2,293,096</b>
Net Assets, Beginning of Year	19,664,443	4,685,351	25,000	24,374,794	18,524,795	3,531,903	25,000	22,081,698
<b>Net assets, end of year</b>	<b>\$ 23,290,131</b>	<b>\$ 6,350,332</b>	<b>\$ 25,000</b>	<b>\$ 29,665,463</b>	<b>\$ 19,664,443</b>	<b>\$ 4,685,351</b>	<b>\$ 25,000</b>	<b>\$ 24,374,794</b>

See Notes to Consolidated Financial Statements.

Endeavor Global, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses  
Year Ended December 31, 2014

	Program Services									Cost of Direct Benefits to Donor	Fund-Raising and Development	Management and General	Total
	Entrepreneur Selection and Growth	eMBA Program	Endeavor Net	Organizational Development	Insight	New Country Expansion	Partnerships and Networks	Philanthropic Networks	Total Programs				
Salaries and wages	\$ 1,571,611	\$ 143,690	\$ 155,441	\$ 381,397	\$ 583,732	\$ 1,029,442	\$ 436,749	\$ 318,915	\$ 4,620,977	\$ -	\$ 485,940	\$ 325,315	\$ 5,432,232
Employee benefits	196,316	16,960	19,544	47,954	73,395	117,838	54,654	40,094	566,755	-	52,091	48,864	667,710
Payroll taxes	84,938	7,305	8,418	20,655	31,612	54,189	23,729	17,273	248,119	-	28,998	20,311	297,428
Events and activities	722,611	784	903	121,134	32,417	124,668	123,793	1,907	1,128,217	227,894	147,119	270,463	1,773,693
Grants awarded	77,500	-	-	175,551	-	-	8,420	-	261,471	-	-	-	261,471
Rent, occupancy and utilities	155,920	13,396	15,437	37,876	57,970	113,434	43,356	31,671	469,060	-	36,506	42,831	548,397
Professional fees	1,140,329	97,315	112,142	275,154	421,130	649,606	361,900	232,175	3,289,751	-	355,933	307,164	3,952,848
Contractor fees	4,713	411	473	48,816	1,776	3,510	14,688	1,206	75,593	-	327,342	9,150	412,085
Depreciation and amortization	63,627	5,541	6,386	15,668	23,980	33,878	17,800	13,099	179,979	-	15,031	8,415	203,425
Printing and publications	66,290	3,121	3,596	8,823	15,185	19,079	10,094	7,378	133,566	31,989	15,251	4,785	185,591
Information technology	40,536	3,528	4,065	9,974	15,266	21,835	11,451	8,341	114,996	-	9,631	7,295	131,922
Stipends	-	-	-	17,003	-	-	-	-	17,003	-	-	-	17,003
Telephone	24,463	2,119	2,441	5,990	9,168	14,184	8,670	5,041	72,076	-	9,038	7,952	89,066
Marketing and education	11,498	272	313	768	9,301	1,750	907	643	25,452	-	32,607	432	58,491
Postage and shipping	19,895	1,732	1,996	4,898	7,496	10,732	7,066	4,121	57,936	3,360	5,477	3,590	70,363
Office expense	-	-	-	-	-	-	141	2	143	-	73	9,412	9,628
Supplies	2,601	226	261	640	980	1,393	834	537	7,472	-	669	792	8,933
Equipment rental and maintenance	559	49	56	138	211	297	157	115	1,582	-	133	155	1,870
Bad debts and other expenses	18,065	1,574	1,813	4,448	6,808	11,184	5,053	3,718	52,663	-	4,330	14,936	71,929
<b>Total expenses</b>	<b>\$ 4,201,472</b>	<b>\$ 298,023</b>	<b>\$ 333,285</b>	<b>\$ 1,176,887</b>	<b>\$ 1,290,427</b>	<b>\$ 2,207,019</b>	<b>\$ 1,129,462</b>	<b>\$ 686,236</b>	<b>\$ 11,322,811</b>	<b>\$ 263,243</b>	<b>\$ 1,526,169</b>	<b>\$ 1,081,862</b>	<b>\$ 14,194,085</b>

See Notes to Consolidated Financial Statements.

Endeavor Global, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses  
Year Ended December 31, 2013

	Program Services									Cost of Direct Benefits to Donor	Fund-Raising and Development	Management and General	Total
	Entrepreneur Selection and Growth	eMBA Program	Endeavor Net	Organizational Development	Insight	New Country Expansion	Partnerships and Networks	Philanthropic Networks	Total Programs				
Salaries and wages	\$ 1,393,482	\$ 164,017	\$ 150,125	\$ 437,129	\$ 450,375	\$ 1,106,449	\$ 596,101	\$ 190,222	\$ 4,487,900	\$ -	\$ 575,652	\$ 152,817	\$ 5,216,369
Employee benefits	185,846	16,060	20,224	58,886	60,671	109,190	78,280	24,070	553,227	-	50,091	16,740	620,058
Payroll taxes	77,636	10,099	8,402	24,464	25,205	58,136	33,724	10,925	248,591	-	37,147	9,243	294,981
Events and activities	665,275	-	-	173,260	27,490	184,623	934	103,140	1,154,722	253,735	423,708	287,255	2,119,420
Grants awarded	93,124	-	-	91,655	-	-	-	-	184,779	-	-	-	184,779
Rent, occupancy and utilities	150,174	12,957	16,317	47,510	48,950	121,300	64,419	20,390	482,017	-	57,546	15,905	555,468
Professional fees	1,352,409	114,843	144,613	529,112	434,072	704,649	560,141	172,245	4,012,084	12,530	332,846	148,057	4,505,517
Contractor fees	53,551	467	588	92,430	12,717	10,333	3,790	8,041	181,917	18,980	286,978	23,563	511,438
Depreciation and amortization	67,578	5,867	7,388	21,512	22,164	33,246	28,465	8,692	194,912	-	16,514	5,865	217,291
Printing and publications	45,476	3,948	4,972	14,476	14,915	22,372	19,157	5,850	131,166	-	51,476	3,952	186,594
Information technology	12,970	1,126	1,418	4,129	4,254	6,381	5,557	1,740	37,575	-	4,459	1,305	43,339
Stipends	22,705	-	-	33,000	-	-	-	-	55,705	-	-	-	55,705
Telephone	25,554	2,203	2,774	8,078	8,323	15,860	11,025	3,523	77,340	-	10,843	2,847	91,030
Marketing and education	17,201	554	698	2,031	2,093	3,230	2,703	7,256	35,766	20,464	10,882	565	67,677
Postage and shipping	9,645	837	1,054	3,069	3,162	4,858	4,403	1,503	28,531	-	3,000	1,204	32,735
Office expense	5,742	498	628	1,827	1,883	2,834	2,917	1,122	17,451	-	8,184	1,450	27,085
Supplies	3,210	278	351	1,021	1,052	1,631	1,395	447	9,385	-	1,403	363	11,151
Equipment rental and maintenance	2,146	186	235	683	704	1,056	1,048	387	6,445	-	33,746	461	40,652
Bad debts and other expenses	7,795	675	850	2,475	2,550	4,114	3,277	1,002	22,738	-	1,935	685	25,358
<b>Total expenses</b>	<b>\$ 4,191,519</b>	<b>\$ 334,615</b>	<b>\$ 360,637</b>	<b>\$ 1,546,747</b>	<b>\$ 1,120,580</b>	<b>\$ 2,390,262</b>	<b>\$ 1,417,336</b>	<b>\$ 560,555</b>	<b>\$ 11,922,251</b>	<b>\$ 305,709</b>	<b>\$ 1,906,410</b>	<b>\$ 672,277</b>	<b>\$ 14,806,647</b>

See Notes to Consolidated Financial Statements.



**Endeavor Global, Inc. and Subsidiaries**

**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2014 and 2013**

	2014	2013
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 5,290,669	\$ 2,293,096
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	203,425	217,291
Deferred revenue	34,578	-
Amortization of deferred rent	26,848	37,735
Bad debts	57,800	5,600
Loss from disposal of fixed assets	1,871	3,730
Cash contributions restricted for Catalyst investments	-	(700,000)
Partners' capital contributions	(3,674,786)	(940,000)
Net unrealized (gains) losses on investments	(1,745,245)	242,970
Increase and decrease in assets and liabilities:		
Increase in contributions receivable	(707,136)	(3,153,256)
(Increase) decrease in grants and other receivables	(490,915)	1,073,380
Decrease (increase) in prepaid expenses and other assets	67,624	(69,938)
Decrease (increase) in due from affiliated entities	7,219	(81,208)
Increase in accounts payable and other accrued liabilities	28,518	220,978
(Decrease) increase in due to affiliated entities	(299,741)	279,609
<b>Net cash used in operating activities</b>	<b>(1,199,271)</b>	<b>(570,013)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(51,639)	(137,335)
Loan to affiliated entity	(150,000)	(100,000)
Purchase of investments	(4,025,764)	(3,150,038)
Proceeds from sale of investments	175,714	-
<b>Net cash used in investing activities</b>	<b>(4,051,689)</b>	<b>(3,387,373)</b>
<b>Cash Flows From Financing Activities</b>		
Payment of capital lease obligations	-	(2,923)
Cash contributions restricted for Catalyst investments	-	700,000
Partners' capital contributions	3,674,786	940,000
<b>Net cash provided by financing activities</b>	<b>3,674,786</b>	<b>1,637,077</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,576,174)</b>	<b>(2,320,309)</b>
<b>Cash and Cash Equivalents</b>		
Beginning	10,207,024	12,527,333
Ending	\$ 8,630,850	\$ 10,207,024
<b>Supplemental Cash Flow Information - Noncash Investing Activities</b>		
Addition to property and equipment included in accounts payable and accrued expenses	\$ 16,723	\$ -

See Notes to Consolidated Financial Statements.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Organization and Nature of Activities

Endeavor Global, Inc. (Endeavor) is a not-for-profit organization pioneering a new model for economic development in emerging markets.

Endeavor believes that high-impact entrepreneurs hold the key to sustained economic growth in emerging markets. They are the ambitious entrepreneurs who run innovative, high-growth businesses that create jobs, opportunity and wealth in their communities. They dream of becoming the next Silicon Valley success story but, having launched in emerging economies, face considerable barriers to growth: few role models, a lack of trust, a limited pool of quality management, an inability to access smart capital, and insufficient contacts.

Endeavor identifies these entrepreneurs and then helps them unleash their potential by providing the soft power of the private sector: networks, mentorship, strategic advice, talent, skills, and inspiration. These tools enable high-impact entrepreneurs to scale their businesses, building a vibrant, investment-friendly private sector and a robust middle class.

Endeavor Catalyst, Inc. (Catalyst) is a not-for-profit supporting organization that supports Endeavor and was registered on September 20, 2011. Catalyst will support Endeavor in two ways. First, Catalyst will raise funds that will be used for the benefit of Endeavor. Second, Catalyst will invest some of its assets in other companies that are in developing countries, 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 2013, Catalyst established Endeavor Catalyst GP, Inc., a Delaware Corporation, to be the general partner for Endeavor Catalyst I LP, a for-profit Limited Partnership that co-invests in Endeavor Entrepreneurs alongside Catalyst. Endeavor Catalyst I LP was also established in 2013. Subsequently, in April 2014, Endeavor Catalyst Affiliate, L.P. (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 is managed by Endeavor Catalyst GP, Inc. and its investors are offered an opportunity to receive a return on their investment. Catalyst Affiliate was created to utilize the marketing platform of Capital Integration Systems, LLC and its affiliates (collectively, CAIS). Interests in Catalyst Affiliate will be offered exclusively through CAIS. CAIS will not receive any compensation for its services to the Fund.

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 with its mission of catalyzing sustained and broad-based economic growth by selecting, mentoring, and accelerating the best high-impact entrepreneurs around the world. High-impact entrepreneurs are those who demonstrate the drive, passion, and business potential to achieve large scale economic growth, create employment opportunities, and serve as role models for other aspiring entrepreneurs to facilitate and organize the establishment of the affiliate offices of Singapore across Asia and globally.

Endeavor Global FZ-LLC (Dubai) was a for-profit organization incorporated on May 30, 2012 in Dubai Internet City. Dubai was a subsidiary fully owned by Endeavor. Dubai was established to act as a global support office of Endeavor with its mission of catalyzing sustained and broad-based economic growth by selecting, mentoring, and accelerating the best high-impact entrepreneurs around the middle-east region. Dubai was closed in August 2014.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Organization and Nature of Activities (Continued)

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, managerial talent from blue-chip companies and top business schools, 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 2014, Endeavor supported 1,030 entrepreneurs from 651 companies in 21 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, [www.endeavor.org](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.

**Organizational development:** Endeavor supports both new and existing offices through several departments, including Organizational Development. Staff in this department provides infrastructure, best practices and information technology (IT) training to new offices and high-level consulting services to established offices that have reached key inflection points.

**Insight (previously, Center for High-Impact Entrepreneurship):** Launched in 2009, Endeavor Insight is Endeavor's think tank and research arm. By analyzing a unique set of data, Insight seeks to establish Endeavor as the global source of thought leadership for entrepreneurship in emerging countries and to improve the selection of and services provided to entrepreneurs at a local and global level.

**New country 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 2014, Endeavor explored launching new operations in Bulgaria and Italy.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 1. Organization and Nature of Activities (Continued)

**Partnerships and 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 300+ 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.

#### Note 2. Summary of Significant Accounting Policies

**Principles of consolidation:** The consolidated financial statements include the accounts of Endeavor, Catalyst, Catalyst GP, Catalyst I LP, Catalyst Affiliate, Singapore and Dubai, which are collectively governed by a single common board of directors and are collectively referred to as the Organization. All significant inter-organizational accounts and transactions between these entities have been eliminated in consolidation.

**Basis of accounting:** The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations, which also requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**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, promises to give and certain contributed services. 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 consolidated 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 consolidated statements of activities

Donated services are recognized as revenue and expenses at fair value when they create or enhance nonfinancial assets or they require specialized skills and are provided by individuals possessing those skills.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

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 consolidated statements of activities.

Program service fees are recognized as revenue when services committed by Endeavor to the affiliates are rendered.

**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. Cash equivalents are recorded at cost, which approximates fair value.

**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. An allowance for doubtful accounts is provided by management based on the Organization's experience with the donors and their ability to pay. As of December 31, 2014 and 2013, there were no allowances recorded.

**Investments:** Investments in readily marketable equity securities are reported at fair value pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, 320, *Investments – Debt and Equity Securities*. The net realized and unrealized gains or losses on these investments are included in the consolidated statements of activities.

Investments in equity securities of privately held business entities and representing less than 20% voting interest in an investee are reported at cost in accordance with FASB ASC 958, *Not-for-Profit Entities*, 325, *Investments – Others*. The Organization regularly assesses its investments recorded via cost basis for impairment. The Organization considers the following impairment indicators, among others, and considers whether or not an other-than-temporary impairment has occurred:

- a. A significant deterioration in the earnings performance, credit rating, asset quality or business prospects of the investee;
- b. A significant adverse change in the regulatory, economic or technological environment of the investee;
- c. A significant adverse change in the general market condition of either the geographic area or industry in which the investee operates;
- d. A bona fide offer to purchase (whether solicited or unsolicited), an offer by the investee to sell or a completed auction process for the same or similar security for an amount less than the cost of the investment; and
- e. Factors that raise significant concerns about the investee's ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies or noncompliance with statutory capital requirements or debt covenants.

To the extent that the Organization has determined that an other-than-temporary impairment has occurred, the loss is measured as the excess of the carrying amount of the investment over the estimated fair value of the impaired equity investment and recognized in the consolidated statements of activities.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

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 consolidated 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.

*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.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

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.

*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.

**Fair value measurements:** The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 provides a framework for measuring fair value under accounting principles generally accepted in the United States of America, and applies to all financial instruments that are being measured and reported on a fair value basis. FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and sets out a fair value hierarchy, as follows:

- Level 1 Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3 Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

**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 of \$1,000 and more with an estimated useful life greater than one year. 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.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2. Summary of Significant Accounting Policies (Continued)

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

**Accounting estimates:** The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income taxes:** The Internal Revenue Service has determined that Endeavor and Catalyst are exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and from state and local income taxes under comparable laws. As not-for-profit entities, Endeavor and Catalyst are subject to unrelated business income tax (UBIT), if applicable. For the tax years ended December 31, 2014 and 2013, these entities did not owe any UBIT. These entities are not classified as private foundations.

Management has evaluated Endeavor's and Catalyst's 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 consolidated financial statements. Generally, the Organization is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2011, which is the standard statute of limitations look-back period.

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.

Management has evaluated that there is no difference between the income tax in profit or loss with the amount of income tax amount determined by applying the Singapore tax rate of 17.0% to profit before income tax. There was no current income tax expense required to be recognized.

**Recently adopted accounting pronouncement:** In October 2012, the FASB issued Accounting Standards Update (ASU) 2012-05, *Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The amendments in this update require a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with the cash donations in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any not-for-profit imposed limitations for sale and converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the not-for-profit entity. The Organization adopted ASU 2012-05 and, accordingly, reclassified the 2013 proceeds from sale of donated securities of \$109,857 from investing activities to operating activities in the consolidated statement of cash flows for the year ended December 31, 2013.

**Subsequent events:** The Organization evaluated subsequent events occurring after the date of the consolidated financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the consolidated financial statements. Such evaluation was performed through August 14, 2015 the date the consolidated financial statements were available to be issued.



## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 3. Contributions, Grants and Other Receivables

Contributions and grants receivable consist of unconditional promises to give, all of which are expected to be collectible as of December 31, 2014 and 2013 as follows:

	2014		
	Contributions	Grants and Other	Total
Amount due in less than one year	\$ 4,150,478	\$ 1,006,638	\$ 5,157,116
Due in one to five years	1,745,000	550,000	2,295,000
	5,895,478	1,556,638	7,452,116
Less discount to present value at rates ranging from 0.60% to 1.38%	(52,824)	(14,703)	(67,527)
	<u>\$ 5,842,654</u>	<u>\$ 1,541,935</u>	<u>\$ 7,384,589</u>

	2013		
	Contributions	Grants and Other	Total
Amount due in less than one year	\$ 3,878,746	\$ 806,638	\$ 4,685,384
Due in one to five years	1,363,233	250,000	1,613,233
	5,241,979	1,056,638	6,298,617
Less discount to present value at rates ranging from 0.36% to 0.72%	(48,661)	(5,618)	(54,279)
	<u>\$ 5,193,318</u>	<u>\$ 1,051,020</u>	<u>\$ 6,244,338</u>

#### Note 4. Investments

Investments represent the aggregate of twenty-one individual investments made by Catalyst Inc. and Catalyst I LP in Endeavor Entrepreneur companies, with ownership interests ranging from approximately 1% - 4% in each respective company. Catalyst reports these investments at cost until the equity securities are listed in a recognized exchange and have readily determinable fair values, in which case, the investments are reported at fair value. Below is the composition of the Organization's investments at December 31, 2014 and 2013.

	2014	2013
Marketable equity securities, at fair value	\$ 3,176,609	\$ 10,760
Equity securities, at cost	9,383,229	7,453,692
Cash in transit	499,909	-
	<u>\$ 13,059,747</u>	<u>\$ 7,464,452</u>

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 4. Investments (Continued)

Marketable equity securities at December 31, 2014 represent the fair value of the equity securities of one of Catalyst's investee companies that became publicly traded on the New York Stock Exchange during 2014. The fair value of these securities was determined using the last reported sales price on the day of valuation, and is categorized as Level 1 in the fair value hierarchy under FASB ASC 820. The Organization recognized unrealized gains of approximately \$1,746,000 on this investment during 2014.

At December 31, 2013, marketable equity securities consisted of the fair value of U.S. common stocks previously contributed by a donor to Endeavor.

The aggregate value of the remaining investments that are reported at the cost basis is approximately \$9,383,000 and \$7,454,000 at December 31, 2014 and 2013, respectively. 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. During 2014, the Organization did not identify any events or changes in circumstances that may have had a significant adverse affect on the fair values of those investments and, accordingly, did not estimate the fair value of the investments held at cost at December 31, 2014. In 2013, the Organization determined that approximately \$250,000 of its equity investments had been permanently impaired and had written down the carrying value of such investment to zero at December 31, 2013.

During 2014, there were no dividend distributions and/or return of capital from any of these Endeavor Entrepreneur Companies; however Catalyst sold a portion of its shares of interests in the aforementioned publicly traded company, recognizing a realized gain of approximately \$54,000.

Cash in transit at December 31, 2014 represents subscription to equity securities of an Endeavor Entrepreneur Company paid in advance of the effective date.

There were no unfunded commitments at December 31, 2014.

#### Note 5. Property and Equipment

As of December 31, 2014 and 2013, property and equipment consists of the following:

	2014	2013	Estimated Useful Life
Software	\$ 248,452	\$ 193,150	3 years
Leasehold improvements	1,325,842	1,325,842	Lesser of term of lease or asset life
Furniture and fixtures	234,819	234,819	7 years
Computer equipment	102,444	93,567	3 years
Other equipment	96,592	96,592	5 years
	<u>2,008,149</u>	<u>1,943,970</u>	
Less accumulated depreciation and amortization	1,005,655	804,542	
	<u>\$ 1,002,494</u>	<u>\$ 1,139,428</u>	

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 6. Commitments

Endeavor Inc., Catalyst Inc., Catalyst GP, and Catalyst I LP operate under a lease for office space in New York City expiring on July 31, 2021. In addition to the base rent, these leases included monthly electric charges. Dubai operated under an operating lease for office space in Dubai Internet City that expired on May 15, 2014. There was no office space utilized in Singapore.

Future minimum rental payments required under this operating lease as of December 31, 2014 are as follows:

#### Year Ending December 31,

2015	\$	412,000
2016		412,000
2017		445,000
2018		458,000
2019		472,000
Thereafter		775,000
	\$	<u>2,974,000</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 \$309,000 and \$282,000 as of December 31, 2014 and 2013, respectively. Rent expense for the office spaces for the years ended December 31, 2014 and 2013 was approximately \$473,000 and \$482,000, respectively.

#### Note 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.

#### Note 8. In-Kind Contributions

The accompanying consolidated financial statements include the following in-kind contributions received by Endeavor during 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Legal services	\$ 80,079	\$ 51,813
Consulting services	3,326,635	4,063,561
Gala related expense	-	32,723
Software	-	29,536
	<u>\$ 3,406,714</u>	<u>\$ 4,177,633</u>

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 9. Temporarily Restricted Net Assets

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

	2014	2013
Latin America	\$ 741,588	\$ 506,588
Time-restricted	1,340,000	3,278,763
Search and selection/fellowship program/entrepreneur services/expansion	2,955,000	100,000
Miami	250,000	250,000
Co-Investment in Endeavor Entrepreneurs	300,000	300,000
Green companies in portfolio	93,744	-
Endeavor Global/MENA Region	-	250,000
Insight	670,000	-
	<u>\$ 6,350,332</u>	<u>\$ 4,685,351</u>

Temporarily restricted net assets were released from restrictions during the years ended December 31, 2014 and 2013 by incurring expenses satisfying the restricted purposes, passage of time or occurrence of other events, as follows:

	2014	2013
Time-restricted	\$ 2,138,763	\$ 560,000
eMBAs	-	400,000
Search and selection/fellowship program/entrepreneur services/expansion	100,000	493,000
Miami	-	750,000
Co-Investment in Endeavor Entrepreneurs	-	147,665
Green companies in portfolio	-	74,650
Endeavor Global/MENA Region	250,000	50,000
	<u>\$ 2,488,763</u>	<u>\$ 2,475,315</u>

#### Note 10. 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.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 11. Line of Credit

Endeavor maintained a \$1,000,000 business line of credit (the Line) with a certain financial institution. Borrowings under this arrangement are for general operating needs of Endeavor. Borrowings on this line of credit note accrue interest at the adjusted LIBOR or 3%. The interest rate as of December 31, 2014 is 2.66%. There was no outstanding balance on the Line at December 31, 2014 and 2013.

In January 2015, the Line was increased to \$1,500,000. The Line is available to Endeavor through January 15, 2016. Borrowings on this line of credit note accrue interest at the adjusted LIBOR and 3% above the LIBOR rate.

#### Note 12. Retirement Plan

The Organization maintains a 403B plan (the Plan). All contributions made to the 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 \$168,820 and \$185,233 during 2014 and 2013, respectively.

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 \$14,150 and \$12,483 during 2014 and 2013, respectively.

#### Note 13. Major Contributors

Endeavor received contributions from seven donors during fiscal 2014 and six donors during fiscal 2013 totaling approximately \$5,530,000 and \$5,210,000, respectively. These contributions accounted for approximately 56% and 53% of the 2014 and 2013 total support and revenue for Endeavor, respectively. Receivables due from three donors amounting to approximately \$3,162,000 and \$3,210,000 accounted for 43% and 51% of the total reported contributions, grants and other receivable at December 31, 2014 and 2013, respectively.

One donor provided \$250,000, or 69%, of contributions to Catalyst during 2014. Three donors provided \$2,000,000, or 100%, of the 2013 total support and revenue for Catalyst.

Endeavor and Catalyst received contributions of approximately \$1,233,964 and \$1,013,000 from its board members during 2014 and 2013, respectively.

#### Note 14. Due From/to Affiliated Entities

Amounts due from affiliated entities include noninterest-bearing loans from Endeavor to one of its affiliates to assist with operating expenses. These loans had an aggregate balance of \$350,000 and \$200,000 at December 31, 2014 and 2013, respectively. The loans are to be repaid in installments of \$75,000 from 2015 to 2019. Endeavor reports these loans at their outstanding principal balances reduced by the amount of interest at 5.38%. Endeavor recognizes contribution expense for the amount of the imputed interest at the time the loan is made to the affiliate. The amount of the imputed interest is being amortized over the life of the loan as interest income.

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.

## Endeavor Global, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 15. Related Party Transactions

During 2014, Endeavor Catalyst, Inc. paid \$27,696 and Endeavor Catalyst I, LP paid \$316,300 for fundraising consulting services provided by a certain firm. Included in the above amounts are commission fees in the amounts of \$20,000 and \$76,996, respectively. As of December 31, 2014, \$55,833 and \$92,296 are payable to this consulting firm from Endeavor Catalyst Inc. and Endeavor Catalyst I, LP, respectively. One of the partners of this firm is a member of Endeavor's board of directors. Endeavor also has a contribution receivable from this board member in an amount of \$125,000 as of December 31, 2014.

This firm also provided fundraising consulting services during 2013 and was compensated \$58,548 and \$191,141 by Endeavor Catalyst, Inc. and Endeavor Catalyst I, LP, respectively.

#### Note 16. Changes in Consolidated Unrestricted Net Assets

The changes in consolidated unrestricted net assets of Endeavor and the noncontrolling interests in Endeavor Catalyst I LP during the years ended December 31, 2014 and 2013 are summarized below.

	2014		
	Total Unrestricted	Unrestricted	Noncontrolling Interest
Balance, January 1	\$ 19,664,443	\$ 19,411,072	\$ 253,371
Change in net assets before other changes	(49,098)	763,623	(812,721)
Other changes in net assets:			
Partners' capital contributions	3,674,786	-	3,674,786
Change in net assets	3,625,688	763,623	2,862,065
Balance, December 31	<u>\$ 23,290,131</u>	<u>\$ 20,174,695</u>	<u>\$ 3,115,436</u>
	2013		
	Total Unrestricted	Unrestricted	Noncontrolling Interest
Balance, January 1	\$ 18,524,795	\$ 18,524,795	\$ -
Change in net assets before other changes	199,648	886,277	(686,629)
Other changes in net assets:			
Partners' capital contributions	940,000	-	940,000
Change in net assets	1,139,648	886,277	253,371
Balance, December 31	<u>\$ 19,664,443</u>	<u>\$ 19,411,072</u>	<u>\$ 253,371</u>

**Endeavor Global, Inc. and Subsidiaries**

**Consolidating Statement of Financial Position  
December 31, 2014**

	Endeavor	Singapore	Catalyst	Catalyst GP	Catalyst I LP	Catalyst Affiliate	Eliminations	Total
<b>Assets</b>								
Cash and Cash Equivalents	\$ 5,099,809	\$ 62,149	\$ 1,976,149	\$ 971	\$ 1,485,476	\$ 6,296	\$ -	\$ 8,630,850
Contributions Receivable	5,228,015	-	614,639	-	-	-	-	5,842,654
Grants and Other Receivables	1,541,935	-	-	-	-	-	-	1,541,935
Investments	5,046	-	8,813,295	-	4,241,406	-	-	13,059,747
Prepaid Expenses and Other Assets	208,300	2,091	-	-	-	-	-	210,391
Due From Affiliated Entities	1,525,562	237,836	3,020,754	-	718,086	-	(5,069,510)	432,728
Property and Equipment - Net	1,002,494	-	-	-	-	-	-	1,002,494
<b>Total assets</b>	<b>\$ 14,611,161</b>	<b>\$ 302,076</b>	<b>\$ 14,424,837</b>	<b>\$ 971</b>	<b>\$ 6,444,968</b>	<b>\$ 6,296</b>	<b>\$ (5,069,510)</b>	<b>\$ 30,720,799</b>
<b>Liabilities and Net Assets</b>								
Liabilities								
Accounts payable and other accrued liabilities	\$ 279,492	\$ 42,950	\$ 55,834	\$ -	\$ 92,295	\$ -	\$ -	\$ 470,571
Deferred revenue	34,578	-	-	-	-	-	-	34,578
Due to affiliated entities	781,498	259,126	965,239	1,000	3,237,237	66,218	(5,069,510)	240,808
Deferred rent obligation	309,379	-	-	-	-	-	-	309,379
<b>Total liabilities</b>	<b>1,404,947</b>	<b>302,076</b>	<b>1,021,073</b>	<b>1,000</b>	<b>3,329,532</b>	<b>66,218</b>	<b>(5,069,510)</b>	<b>1,055,336</b>
Net Assets								
Unrestricted	7,330,882	-	12,903,764	(29)	-	(59,922)	-	20,174,695
Noncontrolling interest in Catalyst I LP	-	-	-	-	3,115,436	-	-	3,115,436
<b>Total unrestricted</b>	<b>7,330,882</b>	<b>-</b>	<b>12,903,764</b>	<b>(29)</b>	<b>3,115,436</b>	<b>(59,922)</b>	<b>-</b>	<b>23,290,131</b>
Temporarily restricted	5,850,332	-	500,000	-	-	-	-	6,350,332
Permanently restricted	25,000	-	-	-	-	-	-	25,000
<b>Total net assets</b>	<b>13,206,214</b>	<b>-</b>	<b>13,403,764</b>	<b>(29)</b>	<b>3,115,436</b>	<b>(59,922)</b>	<b>-</b>	<b>29,665,463</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,611,161</b>	<b>\$ 302,076</b>	<b>\$ 14,424,837</b>	<b>\$ 971</b>	<b>\$ 6,444,968</b>	<b>\$ 6,296</b>	<b>\$ (5,069,510)</b>	<b>\$ 30,720,799</b>

Endeavor Global, Inc. and Subsidiaries

Consolidating Statement of Activities  
Year Ended December 31, 2014

	Endeavor				Singapore	FZ-LLC	Catalyst			Catalyst GP	Catalyst I LP	Catalyst Affiliate	Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Unrestricted	Unrestricted	Temporarily Restricted	Total	Unrestricted	Unrestricted	Unrestricted		
<b>Support and Revenue</b>														
Contributions	\$ 1,712,109	\$ 585,000	\$ -	\$ 2,297,109	\$ -	\$ -	\$ 164,639	\$ 200,000	\$ 364,639	\$ -	\$ -	\$ -	\$ -	\$ 2,661,748
Grants	1,452,385	3,368,744	-	4,821,129	354,064	20,589	-	-	-	-	-	-	(374,653)	4,821,129
Gala and other fund-raising events	1,929,079	-	-	1,929,079	-	-	-	-	-	-	-	-	-	1,929,079
Program service fees	800,000	-	-	800,000	-	-	-	-	-	-	-	-	-	800,000
Net realized and unrealized gains (losses) on investments	-	-	-	-	-	-	1,800,320	-	1,800,320	-	-	-	-	1,800,320
Interest and other income	387,848	-	-	387,848	-	-	3,130	-	3,130	-	-	-	-	390,978
In-kind contributions	3,406,714	-	-	3,406,714	-	-	-	-	-	-	-	-	-	3,406,714
Net Assets Released From Restrictions	2,488,763	(2,488,763)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total support and revenue</b>	<b>12,176,898</b>	<b>1,464,981</b>	<b>-</b>	<b>13,641,879</b>	<b>354,064</b>	<b>20,589</b>	<b>1,968,089</b>	<b>200,000</b>	<b>2,168,089</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(374,653)</b>	<b>15,809,968</b>
<b>Expenses</b>														
<b>Programs:</b>														
Entrepreneur Selection and Growth	4,166,065	-	-	4,166,065	35,407	-	-	-	-	-	-	-	-	4,201,472
eMBA Program	298,023	-	-	298,023	-	-	-	-	-	-	-	-	-	298,023
Endeavor Net	333,285	-	-	333,285	-	-	-	-	-	-	-	-	-	333,285
Organizational Development	1,197,476	-	-	1,197,476	-	-	-	-	-	-	-	-	(20,589)	1,176,887
Insight	1,290,427	-	-	1,290,427	-	-	-	-	-	-	-	-	-	1,290,427
New Country Expansion	2,221,837	-	-	2,221,837	318,657	20,589	-	-	-	-	-	-	(354,064)	2,207,019
Partnerships and Networks	1,055,259	-	-	1,055,259	-	-	74,203	-	74,203	-	-	-	-	1,129,462
Philanthropic Networks	683,664	-	-	683,664	-	-	1,301	-	1,301	-	1,271	-	-	686,236
<b>Total program expenses</b>	<b>11,246,036</b>	<b>-</b>	<b>-</b>	<b>11,246,036</b>	<b>354,064</b>	<b>20,589</b>	<b>75,504</b>	<b>-</b>	<b>75,504</b>	<b>-</b>	<b>1,271</b>	<b>-</b>	<b>(374,653)</b>	<b>11,322,811</b>
Cost of Direct Benefits to Donor	263,243	-	-	263,243	-	-	-	-	-	-	-	-	-	263,243
Fund-Raising and Development	926,036	-	-	926,036	-	-	39,546	-	39,546	-	560,587	-	-	1,526,169
Management and General	723,994	-	-	723,994	-	-	47,054	-	47,054	29	250,863	59,922	-	1,081,862
<b>Total expenses</b>	<b>13,159,309</b>	<b>-</b>	<b>-</b>	<b>13,159,309</b>	<b>354,064</b>	<b>20,589</b>	<b>162,104</b>	<b>-</b>	<b>162,104</b>	<b>29</b>	<b>812,721</b>	<b>59,922</b>	<b>(374,653)</b>	<b>14,194,085</b>
<b>Change in net assets before other changes</b>	<b>(982,411)</b>	<b>1,464,981</b>	<b>-</b>	<b>482,570</b>	<b>-</b>	<b>-</b>	<b>1,805,985</b>	<b>200,000</b>	<b>2,005,985</b>	<b>(29)</b>	<b>(812,721)</b>	<b>(59,922)</b>	<b>-</b>	<b>1,615,883</b>
<b>Other Changes in Net Assets</b>														
Liquidation of FZ-LLC	-	-	-	-	-	(11,328)	-	-	-	-	-	-	11,328	-
Partners' capital contributions	-	-	-	-	-	-	-	-	-	-	3,674,786	-	-	3,674,786
<b>Change in net assets</b>	<b>(982,411)</b>	<b>1,464,981</b>	<b>-</b>	<b>482,570</b>	<b>-</b>	<b>(11,328)</b>	<b>1,805,985</b>	<b>200,000</b>	<b>2,005,985</b>	<b>(29)</b>	<b>2,862,065</b>	<b>(59,922)</b>	<b>11,328</b>	<b>5,290,669</b>
Net assets, Beginning of Year	8,313,293	4,385,351	25,000	12,723,644	-	11,328	11,097,779	300,000	11,397,779	-	253,371	-	(11,328)	24,374,794
<b>Net assets, end of year</b>	<b>\$ 7,330,882</b>	<b>\$ 5,850,332</b>	<b>\$ 25,000</b>	<b>\$ 13,206,214</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,903,764</b>	<b>\$ 500,000</b>	<b>\$ 13,403,764</b>	<b>\$ (29)</b>	<b>\$ 3,115,436</b>	<b>\$ (59,922)</b>	<b>\$ -</b>	<b>\$ 29,665,463</b>