

JOHNSON KIGHTLINGER & COMPANY

GLOBAL GREENGRANTS FUND

FINANCIAL STATEMENTS

JUNE 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Global Greengrants Fund
Boulder, Colorado

We have audited the accompanying statements of financial position of Global Greengrants Fund (the Organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Greengrants Fund as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



JOHNSON KIGHTLINGER & COMPANY
Boulder, Colorado
January 12, 2011

GLOBAL GREENGRANTS FUND
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents (Note 1)	\$ 1,801,934	\$ 2,425,261
Contributions receivable (Note 2)	1,251,483	770,509
Other receivables	5,876	11,048
Investments	1,181,593	2,436,688
Property and equipment, net of accumulated depreciation of \$82,174 (2011) and \$58,028 (2010)	37,609	44,256
Prepaid expenses and other	8,110	7,214
Total assets	<u>\$ 4,286,605</u>	<u>\$ 5,694,976</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 93,966	\$ 77,602
Grants payable	59,952	325,000
Total liabilities	<u>153,918</u>	<u>402,602</u>
COMMITMENTS (Note 5)		
NET ASSETS		
Unrestricted	1,557,282	3,219,879
Temporarily restricted (Note 7)	<u>2,575,405</u>	<u>2,072,495</u>
Total net assets	<u>4,132,687</u>	<u>5,292,374</u>
Total liabilities and net assets	<u>\$ 4,286,605</u>	<u>\$ 5,694,976</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE AND SUPPORT			
Contributions	\$ 3,060,886	\$ 3,101,120	\$ 6,162,006
Investment income (Note 3)	50,407	-	50,407
In-kind donations	3,591	-	3,591
Program service fees	101,944	-	101,944
Other	1,000	-	1,000
Net assets released from restrictions (Note 7)	<u>2,598,210</u>	<u>(2,598,210)</u>	<u>-</u>
Total revenue and support	5,816,038	502,910	6,318,948
EXPENSES			
Program services	6,650,799	-	6,650,799
Management and general	274,110	-	274,110
Fund raising	<u>553,726</u>	<u>-</u>	<u>553,726</u>
Total expenses	7,478,635	-	7,478,635
INCREASE (DECREASE) IN NET ASSETS	<u>(1,662,597)</u>	<u>502,910</u>	<u>(1,159,687)</u>
NET ASSETS - BEGINNING OF YEAR	<u>3,219,879</u>	<u>2,072,495</u>	<u>5,292,374</u>
NET ASSETS - END OF YEAR	<u>\$ 1,557,282</u>	<u>\$ 2,575,405</u>	<u>\$ 4,132,687</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE AND SUPPORT			
Contributions	\$ 5,191,958	\$ 2,871,677	\$ 8,063,635
Investment income (Note 3)	63,117	-	63,117
In-kind donations	34,000	-	34,000
Program service fees	217,094	-	217,094
Other	36,347	-	36,347
Net assets released from restrictions (Note 7)	<u>1,837,718</u>	<u>(1,837,718)</u>	<u>-</u>
Total revenue and support	7,380,234	1,033,959	8,414,193
EXPENSES			
Program services	6,995,435	-	6,995,435
Management and general	213,370	-	213,370
Fund raising	<u>571,154</u>	<u>-</u>	<u>571,154</u>
Total expenses	7,779,959	-	7,779,959
INCREASE (DECREASE) IN NET ASSETS	<u>(399,725)</u>	<u>1,033,959</u>	<u>634,234</u>
NET ASSETS - BEGINNING OF YEAR	<u>3,619,604</u>	<u>1,038,536</u>	<u>4,658,140</u>
NET ASSETS - END OF YEAR	<u>\$ 3,219,879</u>	<u>\$ 2,072,495</u>	<u>\$ 5,292,374</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 5,329,664	\$ -	\$ -	\$ 5,329,664
Employee compensation	462,197	145,285	289,761	897,243
Payroll taxes & employee benefits	144,213	43,124	110,938	298,275
Travel and meals	248,361	16,796	58,057	323,214
Advisory board fees	172,682	-	-	172,682
Professional fees	187,585	28,830	29,463	245,878
Conferences and meetings	9,458	201	639	10,298
Occupancy expense	25,852	10,604	21,207	57,663
Other expense	70,787	29,270	43,661	143,718
Total expenses	<u>\$ 6,650,799</u>	<u>\$ 274,110</u>	<u>\$ 553,726</u>	<u>\$ 7,478,635</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010**

	Program Services	Management and General	Fund Raising	Total
Grants	\$ 5,799,917	\$ -	\$ -	\$ 5,799,917
Employee compensation	493,554	96,083	283,473	873,110
Payroll taxes & employee benefits	138,742	24,565	86,063	249,370
Travel and meals	138,797	7,513	60,636	206,946
Advisory board fees	172,570	-	-	172,570
Professional fees	111,922	34,187	61,270	207,379
Conferences and meetings	71,598	91	14,401	86,090
Occupancy expense	19,666	12,069	19,399	51,134
Other expense	48,669	38,862	45,912	133,443
Total expenses	<u>\$ 6,995,435</u>	<u>\$ 213,370</u>	<u>\$ 571,154</u>	<u>\$ 7,779,959</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (1,159,687)	\$ 634,234
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	17,049	17,503
Unrealized loss on investments	13,051	61,013
In-kind donation of computer equipment	(2,500)	-
Changes in operating assets and liabilities:		
Contributions receivable	(480,974)	(141,342)
Other receivables	5,172	(11,048)
Other assets	(896)	(7,214)
Accounts payable and accrued liabilities	16,364	(18,551)
Grants payable	(265,048)	325,000
Net cash provided by (used in) operating activities	<u>(1,857,469)</u>	<u>859,595</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in investments, net	1,242,044	(650,270)
Purchase of equipment	<u>(7,902)</u>	<u>(795)</u>
Net cash provided by (used in) investing activities	<u>1,234,142</u>	<u>(651,065)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(623,327)</u>	<u>208,530</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,425,261</u>	<u>2,216,731</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,801,934</u></u>	<u><u>\$ 2,425,261</u></u>
NONCASH TRANSACTIONS		
Donated facilities lease (Note 6)	<u><u>\$ 34,000</u></u>	<u><u>\$ 34,000</u></u>
Donated computer equipment	<u><u>\$ 2,500</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Global Greengrants Fund, Inc. (Global Greengrants Fund or the Organization) was established in 2001 as a Colorado not-for-profit corporation. The Organization's mission is to strengthen the grassroots environmental movement in developing countries through grant making. The grant making process includes soliciting funding requests, evaluating the requests, and awarding the grants. The Organization has advisory boards throughout the world that perform much of its grant making due diligence efforts. The Organization finances its operations through donations and grants from individuals, foundations, and corporate sponsors, primarily from the United States.

The Organization has a June 30 fiscal year end. Unless otherwise noted, 2011 refers to the year ended June 30, 2011.

Basis of Accounting and Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. As of June 30, 2011, the Organization had no permanently restricted net assets.

Use of Estimates in the Preparation of Financial Statements

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers money market funds and all highly liquid investments purchased or donated with maturities of three months or less to be cash equivalents.

Contributions Receivable (Promises to Give)

Contributions receivable consist of unconditional multi-year promises to give, and are recorded at net realizable value for promises expected to be collected within one year, and at fair value for those due beyond one year. The Organization uses the allowance method to determine the collectibility of contributions receivable, taking into account its relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness are incorporated into a fair value measurement using present value techniques. At June 30, 2011 management believed all contributions to be fully collectible. Therefore, no uncollectible allowance is included in the accompanying financial statements.

Investments

All investments are carried at fair value, with gains and losses reported in the statement of activities.

Property and Equipment

Property and equipment is stated at cost if purchased and estimated fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, typically 5 years. The Organization capitalizes property and equipment additions greater than \$500.

**GLOBAL GREENGRANTS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

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

Revenue Recognition – Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes, or are designated for future periods, are reported as increases in temporarily restricted net assets.

Contributions to be received over multiple years or at a specified date in the future are subject to time restrictions and are reported as temporarily restricted. Multi-year promises to give are recognized as temporarily restricted revenue in the year the written promise is received from the donor. When the funds are collected in subsequent years, the time restriction is lifted and the Organization recognizes an increase in unrestricted net assets with a corresponding reduction of temporarily restricted net assets and is reported in the statement of activities as net assets released from restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Donor agreements for donor advised funds grant variance power to the Organization's Board, allowing the Board to vary from the donor's restrictions if the restriction becomes incapable of fulfillment or is inconsistent with the charitable needs of the community. The Organization strives to honor donors' charitable intent and accepts grant recommendations from donors. However, due to its variance power, the Organization generally reports contributions received under donor advised agreements as unrestricted.

Grants Payable

Grants expense is recorded when approved for payment by the Organization's advisory board and management team. Amounts approved in one fiscal year which are paid in a subsequent year are reported as grants payable in the accompanying statement of financial position.

The Organization also intends to provide financial support to other non-profit organizations that operate in certain developing countries. Future funding is contingent on the recipient organizations maintaining certain protocols with respect to its grantees and upon the availability of funds. Therefore, no liability has been recorded for these intentions to give.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash, money market funds, investments, and contributions receivable (promises to give).

- Cash balances at commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC). Although certain cash balances may exceed insured limits, the Foundation maintains its cash balances at high-quality financial institutions and does not expect any losses from this exposure.

**GLOBAL GREENGRANTS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of Credit Risk (Continued)

- The Organization's money market funds are held by an investment firm, where they are insured by the Securities Investor Protection Corporation (SIPC). At various times the Organization's money market balances may exceed the insurance limit.
- The Organization's investment portfolio consisted of publicly traded corporate bonds issued by a limited number of companies.
- At June 30, 2011 and 2010, 75% of contributions receivable were due from four donors and 62% were due from three donors, respectively.

Concentration of Revenue Sources

Approximately 23% and 14% of the Organization's total support and revenue was provided by one corporate donor in 2011 and 2010, respectively.

Another donor contributes \$2.5 million on a bi-annual basis. The Organization received \$2.5 million from this donor during fiscal year 2010 and has re-granted the funds over a two-year period ending June 30, 2011. Another \$2.5 million was received from this donor in July 2011.

Fair Value Measurements

Fair value measurements of assets and liabilities may be carried out using:

- Quoted prices in active markets for identical assets (Level 1),
- Significant other observable inputs (Level 2), or
- Significant unobservable inputs (Level 3).

Assets measured at fair value on a recurring basis are as follows at June 30, 2011:

		<u>Level 1</u>
	<u>2011</u>	<u>2010</u>
<u>Assets measured on a recurring basis:</u>		
Cash equivalents – money market funds	\$ 415,360	1,689,116
Investments – publicly traded corporate bonds	1,181,593	2,436,688
	<u>\$ 1,596,953</u>	<u>4,125,804</u>

Income Taxes

The Organization is a not-for-profit organization and is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a public charity rather than a private foundation.

The Organization adopted the accounting standards for uncertain tax positions and files as a tax-exempt organization. No liability has been recognized by the Organization as a result of the implementation of this standard. The federal income tax returns of the Company for fiscal year 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events Evaluation

Management has evaluated subsequent events through January 12, 2012, the date the financial statements were available to be issued.

**GLOBAL GREENGRANTS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – CONTRIBUTIONS RECEIVABLE

Future payments of contributions receivable consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
<u>Amounts due in:</u>		
One year or less	\$ 721,483	\$ 624,342
Two to five years	530,000	146,167
	<u>\$ 1,251,483</u>	<u>\$ 770,509</u>

NOTE 3 – INVESTMENTS

The Organization's investments consisted of publicly traded corporate bonds at June 30, 2011 and 2010. Investment income consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Gains and (losses)	\$ (73,579)	\$ (62,668)
Interest income	123,986	125,785
	<u>\$ 50,407</u>	<u>\$ 63,117</u>

NOTE 4 – BANK LINE OF CREDIT

The Organization has a \$40,000 line of credit available from a commercial bank (the line). The line matures August 20, 2012 and carries interest at the bank's prime rate plus 4.75%. There were no borrowings under the line in 2011 and there was no outstanding balance at June 30, 2011.

NOTE 5 – COMMITMENTS

Leases

The Organization leases office equipment under an operating lease that expires September 2012. The Organization also rents a conference room on a month-to-month basis at \$450 per month. Rent expense for leases totaled \$10,700 and \$10,474 in 2011 and 2010, respectively. Future minimum lease payments totaled \$6,993 at June 30, 2011 and were due in 2012.

Employment Contracts

The Organization has an employment contract commitment with a key employee. The minimum amount due under this contract at June 30, 2011 was:

2012	\$ 120,000
2013	60,000
	<u>\$ 180,000</u>

**GLOBAL GREENGRANTS FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 6 – DONATED FACILITY USE

The Organization leases office space from an unrelated party under a lease agreement that provides for no rent or operating expense payments. The lease expires in May 2012. The Organization has recorded a contribution receivable for the remaining portion of the lease term, valued at its estimated fair value of \$31,167. The Organization recorded in-kind revenue and facilities rent expense totaling \$34,000 in 2011 and 2010, respectively.

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Contributions receivable	\$ 1,251,483	\$ 770,509
Restricted for specific purposes	<u>1,323,922</u>	<u>1,301,986</u>
	<u>\$ 2,575,405</u>	<u>\$ 2,072,495</u>

Net assets released from restrictions consisted of the following:

	<u>2011</u>	<u>2010</u>
Net cash received against promises to give	\$ 549,313	\$ 458,200
Satisfaction of program restrictions	<u>2,048,897</u>	<u>1,379,518</u>
	<u>\$ 2,598,210</u>	<u>\$ 1,837,718</u>

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Foundation sponsors a 403(b) defined contribution retirement plan ("the Plan"), which covers substantially all employees. Employees may elect to make pre-tax deferrals of their compensation, subject to certain limits. The Plan requires the Organization to make matching contributions up to 4% of a participant's compensation provided their deferrals equal or exceed 4% of the participant's compensation. Matching contributions are immediately vested. In 2011 and 2010, matching contributions totaled \$30,771 and \$28,442, respectively.