

JOHNSON KIGHTLINGER & COMPANY

GLOBAL GREENGRANTS FUND, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Global Greengrants Fund, Inc.
Boulder, Colorado

We have audited the accompanying consolidated financial statements of Global Greengrants Fund, Inc. and subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated 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 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 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 Global Greengrants Fund, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



JOHNSON KIGHTLINGER & COMPANY
March 20, 2017

GLOBAL GREENGRANTS FUND, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Cash and cash equivalents	\$ 3,732,081
Contributions receivable (Note 2)	3,863,489
Other receivables	6,033
Investments (Note 3)	3,270,894
Property and equipment, net of accumulated depreciation of \$143,385	37,478
Prepaid expenses and other	17,497
Security deposits	495
Total assets	<u>\$ 10,927,967</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 155,750
Grants payable	19,480
Total liabilities	<u>175,230</u>

COMMITMENTS (Note 5)

NET ASSETS

Unrestricted	5,251,757
Temporarily restricted (Note 7)	5,500,980
Total net assets	<u>10,752,737</u>
Total liabilities and net assets	<u>\$ 10,927,967</u>

GLOBAL GREENGRANTS FUND, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE AND SUPPORT			
Contributions	\$ 7,062,268	\$ 5,820,298	\$ 12,882,566
Investment income (Note 3)	17,092	-	17,092
In-kind donations	750	-	750
Program service fees	140,073	-	140,073
Other	4,779	-	4,779
Net assets released from restrictions (Note 7)	5,071,140	(5,071,140)	-
Total revenue and support	<u>12,296,102</u>	<u>749,158</u>	<u>13,045,260</u>
EXPENSES			
Program services	9,088,302	-	9,088,302
Management and general	758,679	-	758,679
Fund raising	537,433	-	537,433
Total expenses	<u>10,384,414</u>	<u>-</u>	<u>10,384,414</u>
CHANGE IN FOREIGN CURRENCY TRANSLATION ADJUSTMENTS (Note 10)	(45,079)	-	(45,079)
CHANGE IN NET ASSETS	<u>1,866,609</u>	<u>749,158</u>	<u>2,615,767</u>
NET ASSETS - BEGINNING OF YEAR (USA)	3,369,092	4,732,953	8,102,045
NET ASSETS - BEGINNING OF YEAR (UK)			
Net assets	16,074	18,869	34,943
Cumulative translation loss	(18)	-	(18)
	<u>16,056</u>	<u>18,869</u>	<u>34,925</u>
CONSOLIDATED NET ASSETS - END OF YEAR \$	<u><u>5,251,757</u></u>	<u><u>5,500,980</u></u>	<u><u>10,752,737</u></u>

See Notes to Financial Statements

GLOBAL GREENGRANTS FUND, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Management and General	Fund Raising	Total
Grants	\$ 7,360,480	\$ -	\$ -	\$ 7,360,480
Employee compensation	610,738	468,909	305,251	1,384,898
Payroll taxes & employee benefits	144,489	139,242	62,509	346,240
Travel and meals	256,308	40,301	73,113	369,722
Advisory board fees	257,924	-	-	257,924
Professional fees	314,482	34,295	18,673	367,450
Occupancy expense	29,315	19,231	17,273	65,819
Conferences & meetings	8,525	-	-	8,525
Other expense	106,041	56,701	60,614	223,356
Total expenses	<u>\$ 9,088,302</u>	<u>\$ 758,679</u>	<u>\$ 537,433</u>	<u>\$ 10,384,414</u>

See Notes to Financial Statements

**GLOBAL GREENGRANTS FUND, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,615,767
Adjustments to reconcile change in net assets to net cash provided from operating activities:	
Depreciation	17,729
Unrealized losses on investments	(1,774)
UK affiliate prior year net assets	34,925
Changes in operating assets and liabilities:	
Contributions receivable	(1,373,831)
Other receivables	(3,276)
Other assets	2,914
Accounts payable and accrued liabilities	60,344
Grants payable	(2,320)
Amounts due to related party	(25,626)
Net cash from operating activities	<u>1,324,852</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net purchases (sales) of investments	(2,501,087)
Purchases of equipment	(12,666)
Net cash from investing activities	<u>(2,513,753)</u>

CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,188,901)</u>
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>4,920,982</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,732,081</u></u>

NONCASH TRANSACTIONS

Donated facility lease (Note 5)	<u><u>\$ 25,000</u></u>
Donated equipment and services	<u><u>\$ 750</u></u>

GLOBAL GREENGRANTS FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Global Greengrants Fund, Inc. (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 who share grant making due diligence efforts with the administration office in Boulder Colorado. 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, 2016 refers to the year ended June 30, 2016

Basis of Accounting and Presentation

The consolidated financial statements include the accounts of Global Greengrants Fund, Inc. and its affiliate Global Greengrants Fund UK. Interorganizational balances and transactions have been eliminated in consolidation.

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, 2016, 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 as 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, 2016 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 market 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 3-7 years. The Organization capitalizes property and equipment additions greater than \$500.

GLOBAL GREENGRANTS FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected undiscounted future cash flows are less than the carrying amount of the asset. If impairment has occurred, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management does not believe that any impairment has occurred as of June 30, 2016.

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, at a specified date in the future and for a specific purpose 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. The Organization records donor-restricted contributions as unrestricted if the restrictions are met in the same reporting period. The Board has designated certain funds specifically for grant making and other purposes. Such funds are considered unrestricted by the Organization's Board.

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.

GLOBAL GREENGRANTS FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

The following assets were measured at fair value on a recurring basis at June 30, 2016:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>
Publicly traded debt securities	\$ 1,361,743	\$ -
Certificates of deposit	-	1,909,150
	<u>\$ 1,361,743</u>	<u>\$ 1,909,150</u>

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, is classified as a public charity, and has no unrelated business income. The Organization has taken no tax positions it believes are unlikely to be upheld, or that might jeopardize its tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information.

Accordingly, no provision for income taxes is included in the accompanying financial statements. Should its tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS. The Organization's federal information returns (Forms 990) for fiscal years ended June 30, 2016, 2015, and 2014, are subject to examination by the IRS, generally for three years after they were filed.

Subsequent Events Evaluation

Management has evaluated subsequent events through March 20, 2017, the date the financial statements were available to be issued.

NOTE 2 – CONTRIBUTIONS RECEIVABLE

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

<u>Amounts due in</u>	<u>2016</u>
One year or less	\$ 2,708,689
Two to five years	1,154,800
	<u>\$ 3,863,489</u>

GLOBAL GREENGRANTS FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

The Organization's investments consisted of the following at June 30:

Publicly traded debt securities	\$ 1,361,743
Certificates of deposit	<u>1,909,151</u>
	<u>\$ 3,270,894</u>

Investment income consisted of the following for the year ended June 30, 2016:

Interest income	\$ 15,318
Gains	<u>1,774</u>
	<u>\$ 17,092</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 October 1, 2018 and carries interest at the bank's prime rate plus 4.75% (8% at June 30, 2016). There were no borrowings under the line during 2016 or 2015, and no outstanding balance at June 30, 2016.

NOTE 5 – LEASE COMMITMENTS

The Organization leases office equipment and office space under non-cancelable operating leases that expire in December 2017 and June 2018, respectively. The office space lease is with an unrelated party whereby a portion of the lease is payable in cash and the remainder is an in-kind donation by the landlord. The Organization has recorded a contribution receivable for the donated portion through the term of the lease at an estimated fair value of \$50,000. Rent expense for office space totaled \$54,622 and the donated portion of facilities rent totaled \$25,000 for the year.

Future minimum office lease commitments were as follows as of June 30, 2016:

2017	\$ 25,000
2018	<u>25,000</u>
	<u>\$ 50,000</u>

NOTE 6 – CONDITIONAL PROMISE TO GIVE

In 2014, the Organization received a multi-year promise to give from a corporate donor who promised to contribute funds to the Organization based on the sales of a certain product. The funds will be disbursed to the Organization on June 15th each year in 2015, 2016, and 2017. Because the amount to be contributed is contingent on the donor's product sales, the Organization recognizes revenue only as amounts are received from the donor.

GLOBAL GREENGRANTS FUND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

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

Contributions receivable	\$ 3,863,489
Restricted for specific purposes	<u>1,637,491</u>
	<u>\$ 5,500,980</u>

Net assets released from restrictions consisted of the following for the year ended June 30, 2016:

Net collection of promises to give	\$ 1,539,668
Satisfaction of program restrictions	<u>3,531,472</u>
	<u>\$ 5,071,140</u>

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Organization 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. Matching contributions totaled \$48,800 in 2016.

NOTE 9 – CREDIT RISK AND CONCENTRATIONS

Credit Risk

Financial instruments, which potentially subject the Organization to 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 balances may exceed insured limits, the Organization maintains its cash balances at high-quality financial institutions and does not expect any losses from this exposure.
- At June 30, 2016, the Organization’s investments consisted of certificates of deposit at FDIC insured financial institutions.
- Contributions receivable (promises to give) are due from foundations, corporations, and individual donors, primarily from within the United States. The Organization gains an understanding of the donor’s financial capability and obtains written promises before recording such receivables.

Concentrations

In 2016, approximately 50% of total contribution revenue was received from three donors. At June 30, 2016, 52% of contributions receivable were due from three donors.