

**GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION**

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

**(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010)**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
NOTES TO FINANCIAL STATEMENTS	6-11



Patricia A. Wintroath, CPA

Independent Auditor's Report

September 21, 2012

Board of Directors
Global Footprint Network, Inc.
Oakland, CA

I have audited the accompanying statement of financial position of Global Footprint Network, Inc. (a California nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Global Footprint Network, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2010 financial statements and, in my report dated October 28, 2011, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Footprint Network, Inc. as of December 31, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Patricia A. Wintroath, CPA

Certified Public Accountant

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2011	Total All Funds 2010
	General Fund	Property and Equipment			
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$365,690	\$	\$513,589	\$879,279	\$502,902
Grants and accounts receivable (Note C)	826,460		211,388	1,037,848	894,849
Investments (Note D)	59,247			59,247	58,925
Prepaid expenses	4,356			4,356	0
TOTAL CURRENT ASSETS	1,255,753	0	724,977	1,980,730	1,456,676
PROPERTY AND EQUIPMENT net of accumulated depreciation and amortization at December 31, 2011 and 2010 of \$100,112 and \$81,953, respectively. (Notes B and E)		13,987		13,987	28,800
DEPOSITS	8,594			8,594	8,712
TOTAL ASSETS	\$1,264,347	\$13,987	\$724,977	\$2,003,311	\$1,494,188
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued liabilities	\$74,470	\$	\$	\$74,470	\$50,746
Accrued vacation (Note F)	42,246			42,246	38,114
Deferred revenue	96,000			96,000	41,995
TOTAL CURRENT LIABILITIES	212,716	0	0	212,716	130,855
COMMITMENTS AND CONTINGENCIES (Note G)					
NET ASSETS (Notes B & H)	1,051,631	13,987	724,977	1,790,595	1,363,333
TOTAL LIABILITIES AND NET ASSETS	\$1,264,347	\$13,987	\$724,977	\$2,003,311	\$1,494,188

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2011	Total All Funds 2010
	General Fund	Property and Equipment			
SUPPORT AND REVENUE					
Public Support:					
Foundation grants	\$723,501	\$	\$857,166	\$1,580,667	\$1,022,456
Corporate grants				0	\$5,172
Contributions	45,560			45,560	32,813
In-kind contributions	58,764			58,764	188,179
Total Support	827,825	0	857,166	1,684,991	1,248,620
Revenue:					
Fees for services	603,899			603,899	904,854
Exchange rate gain (loss) - net	(12,810)			(12,810)	(17,155)
Honorarium	12,906			12,906	91,973
License fees	24,462			24,462	23,820
Reimbursed expenses	20,362			20,362	34,860
Educational material sales				0	0
Events and admissions				0	119,793
Royalties	1,662			1,662	4,019
Investment income	1,344			1,344	903
Other income	101,595			101,595	68,053
Unrealized gain (loss) on exchange account				0	(557)
Unrealized gain (loss) on investments	(5,761)			(5,761)	(3,929)
Total Revenue	747,659	0	0	747,659	1,226,634
Net Assets Released From Restrictions	527,447	(14,813)	(512,634)	0	0
TOTAL SUPPORT AND REVENUE	2,102,931	(14,813)	344,532	2,432,650	2,475,254
EXPENSES					
Program services	1,340,160			1,340,160	1,799,371
Management and general	395,339			395,339	297,373
Fundraising	269,889			269,889	250,083
Total Expenses	2,005,388	0	0	2,005,388	2,346,827
CHANGE IN NET ASSETS	97,543	(14,813)	344,532	427,262	128,427
NET ASSETS, beginning of year	954,088	28,800	380,445	1,363,333	1,234,906
NET ASSETS, end of year (Notes B & H)	<u>\$1,051,631</u>	<u>\$13,987</u>	<u>\$724,977</u>	<u>\$1,790,595</u>	<u>\$1,363,333</u>

See Notes to Financial Statements and Accountant's Review Report

GLOBAL FOOTPRINT NETWORK, INC.
STATEMENT OF CASH FLOWS
A CALIFORNIA NONPROFIT ORGANIZATION
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2011	Total All Funds 2010
	General Fund	Property and Equipment			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in Net Assets	\$97,543	(\$14,813)	\$344,532	\$427,262	\$128,427
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:					
Depreciation		18,159		18,159	21,816
	97,543	3,346	344,532	445,421	150,243
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES					
(Increase) decrease in funding and accounts receivable	(312,056)		169,057	(142,999)	64,330
(Increase) decrease in prepaid expenses	(4,356)			(4,356)	0
(Increase) decrease in deposits	118			118	1,325
Increase (decrease) in accounts payable and accrued liabilities	23,724			23,724	(28,126)
Increase (decrease) in accrued vacation	4,132			4,132	983
Increase (decrease) in deferred revenue	54,005			54,005	(206,055)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(136,890)</u>	<u>3,346</u>	<u>513,589</u>	<u>380,045</u>	<u>(17,300)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Contribution of equipment				0	0
Purchase of equipment		(3,346)		(3,346)	0
Purchase(donation) of marketable securities				0	0
Sale of marketable securities				0	0
Unrealized (gain) loss on marketable securities	(322)			(322)	3,929
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(322)</u>	<u>(3,346)</u>	<u>0</u>	<u>(3,668)</u>	<u>3,929</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(137,212)</u>	<u>0</u>	<u>513,589</u>	<u>376,377</u>	<u>(13,371)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>502,902</u>	<u>0</u>	<u>0</u>	<u>502,902</u>	<u>516,273</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$365,690</u>	<u>\$0</u>	<u>\$513,589</u>	<u>\$879,279</u>	<u>\$502,902</u>
SUPPLEMENTAL INFORMATION:					
Interest paid				<u>\$342</u>	<u>\$584</u>

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2011
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2010)

	Communications	Research and Standards	International Offices	Client Services	Partnership	Project Development	Total Program	Management and General	Fundraising	Total Support	Total All Funds 2011	Total All Funds 2010
Salaries	\$185,426	\$209,697	\$26,980	\$128,433	\$7,636	\$71,149	\$629,321	\$220,301	\$100,957	\$321,258	\$950,579	\$1,210,703
Payroll taxes	15,420	19,521	1,968	11,155	574	6,398	55,036	18,291	8,694	26,985	82,021	101,691
Employee benefits	6,400	8,752	264	5,645	2,142	4,095	27,298	11,357	4,350	15,707	43,005	53,119
Total personnel expenses	207,246	237,970	29,212	145,233	10,352	81,642	711,655	249,949	114,001	363,950	1,075,605	1,365,513
Direct program expenses	38,016	56,654	15,139	129,726	11,136	18,707	269,378	6,827	18,738	25,565	294,943	416,715
Computer expenses	8,502	9,344	848	4,707	242	2,730	26,373	7,912	6,594	14,506	40,879	43,236
Insurance	1,084	1,372	138	784	40	450	3,868	1,286	611	1,897	5,765	6,025
Interest expense	38	102	3	19	1	11	174	153	15	168	342	584
Meals and entertainment	1,347	1,617	208	896	46	514	4,628	966	738	1,704	6,332	6,758
Internet-Website expense							0			0	0	2,330
Local transportation							0			0	0	554
Bank charges	13	83	7	339	351		793	2,266	2,401	4,667	5,460	9,515
Board expenses							0	49		49	49	1,883
Depreciation	3,414	4,322	436	2,470	127	1,416	12,185	4,049	1,925	5,974	18,159	21,816
Licenses, fees, permits	79	101	114	57	3	33	387	279	45	324	711	4,998
Occupancy	5,308	6,721	678	3,840	198	2,202	18,947	6,297	2,993	9,290	28,237	27,845
Office expense	697	841	85	480	25	275	2,403	2,755	375	3,130	5,533	7,930
Office supplies	783	931	170	597	26	296	2,803	871	595	1,466	4,269	5,471
Postage and delivery	3,895	156	133	301	41	88	4,614	229	11,365	11,594	16,208	12,706
Recruitment	7,660	14,035	935	5,297	273	5,096	33,296	9,818	6,012	15,830	49,126	55
Rent	16,161	20,460	2,063	11,691	602	6,705	57,682	19,535	9,002	28,537	86,219	84,445
Repairs & maintenance	805	1,019	103	582	30	334	2,873	1,414	454	1,868	4,741	3,800
Telephone	1,296	1,578	157	908	46	509	4,494	1,690	692	2,382	6,876	5,996
Utilities	1,589	2,012	203	1,150	59	659	5,672	2,604	896	3,500	9,172	8,517
Professional fees	48,781	41,336	2,475	10,950	2,466	19,722	125,730	64,935	65,669	130,604	256,334	82,112
Travel	11,929	1,383	544	4,456	33	903	19,248	502	17,995	18,497	37,745	33,576
Fundraising							0			0	0	6,268
In kind expenses	9,234	11,689	1,179	6,680	344	3,831	32,957	10,953	8,773	19,726	52,683	188,179
Total expenses	\$367,877	\$413,726	\$54,830	\$331,163	\$26,441	\$146,123	\$1,340,160	\$395,339	\$269,889	\$665,228	\$2,005,388	\$2,346,827

See Notes to Financial Statements and Accountant's Review Report

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE A - ORGANIZATION

General - The Global Footprint Network, Inc. is a California non-profit corporation incorporated under the laws of California in 2003. The Organization's purpose is to help organizations around the world track the extent of society's environmental impact through the use of a resource management tool, known as the "ecological footprint," that measures how much land and water area a human population requires to produce resources it consumes and to absorb its wastes, taking into account prevailing technology.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting - The Organization maintains its accounting records on the accrual basis of accounting.

Use of Estimates - In preparing financial statements in conformity with Generally Accepted Accounting Principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities as of the date of the financial statements; and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - The Organization's cash and cash equivalents balance consists of amounts held in checking and savings accounts in large financial institutions.

Furniture and Equipment - Furniture and equipment are stated at cost. Expenditures for furniture and equipment, in amounts greater than \$1,000, are capitalized and depreciated over three to five years using the straight-line method. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss arising from such disposition is included as income or expense. Expenditures for repairs and maintenance are charged to expense as incurred. Donated equipment is recorded at its fair market value at the date of the donation.

Functional Allocation of Expenses - Costs of providing the programs, administrative duties and fundraising activities have been summarized on a functional basis in the accompanying statement of functional expenses. Certain indirect costs have been allocated directly to programs and administration based upon ratios determined by management. These costs primarily include salaries, fringe benefits, occupancy and other expenses.

Income Taxes - The Organization is a Section 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code and Section

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during the year ended December 31, 2011.

Contributions and Grant Revenue - The Organization receives contributions and grants from corporations, foundations, charitable organizations and individuals. The Organization has adopted the provisions of Accounting Standards Codification FASB ASC 958-605 and FASB ASC-958-210-45(formerly Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", and 117, "Financial Statements for Not-for-Profit Organizations.")

The provisions of FASB ASC 958-605-25 require the Organization to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Amounts received but not yet earned are reported as advances.

Donated materials and Services - Donated materials are recorded at their fair value at the date of donation. In addition, a substantial number of individuals have donated significant amounts of their time to the Organization, primarily through program activities. These services are reflected in the accompanying financial statements using a valuation of the services based on an estimate of the fair value at the time of the donation. Donated services by individuals providing specialized volunteer services are valued at \$17.50 per hour based upon the national organization's estimates. Donated services by individuals providing administration services are not recorded as donated services as there are no special skills required for these services.

Financial Statement Presentation – Under Accounting Standards Codification (FASB ASC 958-210-45 (formerly Statement of Financial Accounting Standard (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations"), the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted and temporarily restricted and permanently net assets. Global Footprint Network, Inc. currently has no assets that are permanently restricted.

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Financial Information for 2010 - The financial information includes certain prior-year comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Reclassifications - Certain reclassifications have been made in the 2010 comparative totals to conform to the classifications used in 2011.

NOTE C – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consisted of the following amounts as of December 31, 2011:

	<u>Amount</u>
Unrestricted grants and accounts receivable:"	
Global Footprint Network-Europe, AISBL	\$ 78,925
Agenda 21 Consulting	1,569
Agrocampus Rennes	2,197
AIA Utah	1,706
Arab Forum for Environment and Development	15,950
Bank Sarasin & Co. Ltd	6,011
Best Foot Forward, Ltd.	2,028
City of Calgary	13,440
Confederation of Indian Industries	4,635
Ecolife	3,493
Ecomark	2,173
Environment Agency Abu Dhabi	325,775
EPA Region 9	29,510
European Commission	24,185
FIEP/SENAI	3,500
Five Winds	2,500
Fundacion Amigos de la Naturaliza	7,823
Global Footprint Network – Switzerland Foundation	130,682
Intesa Sanpaolo	10,000
IRES Piemonte	1,630
Kao Corporation	41,220
Libelula Comunicacion	1,690
Munich Referat Fur Gusundheit und Umwelt	12,878

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE C – GRANTS AND ACCOUNTS RECEIVABLE (Continued)

Ontario Ministry of Natural Resources	\$ 3,000
Pictet & Cie	16,901
Pontifical Catholic University of Peru	2,500
SENPLADES-Ecuador	36,000
Sentido Verde	1,690
STOA	1,919
Syngenta International AG	4,979
The Natural Step	2,738
UNDP	13,173
World Wildlife Federation - Switzerland	11,570
Other receivables	<u>8,470</u>
Total unrestricted grants and accounts receivable	<u>\$ 826,460</u>
Temporarily restricted grants and accounts receivable:	
Mava Stiftung fur Naturschutz	\$ 161,388
Environment Agency Abu Dhabi	<u>50,000</u>
Total temporarily restricted grants and accounts receivable	<u>\$ 211,388</u>
Total grants and accounts receivable	<u>\$1,037,848</u>

The organization does not believe that an allowance for doubtful accounts is required for any of the grant receivable as of December 31, 2011.

NOTE D - INVESTMENTS

The following is a summary of investments classified by major type as of December 31, 2011:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Equity Securities	<u>\$75,239</u>	<u>\$59,247</u>	<u>\$(15,992)</u>
Total Marketable Securities	<u>\$75,239</u>	<u>\$59,247</u>	<u>\$(15,992)</u>

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011

NOTE E - PROPERTY AND EQUIPMENT

Property and Equipment as of December 31, 2011, consisted of the following:

Furniture & Equipment	\$ 58,590
Donated Furniture & Equipment	13,415
Tenant Improvements	11,988
Software license	<u>30,106</u>
Total Property and Equipment	114,099
Less: Accumulated Depreciation	<u>100,112</u>
Net Property and Equipment	<u>\$ 13,987</u>

Total depreciation expense for the years ended December 31, 2011 and 2010 was \$18,159 and \$21,816, respectively.

NOTE F – ACCUMULATED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The liability is recognized in the program to which the liability relates, and is consolidated with accounts payable and accrued liabilities in the financial statements. At December 31, 2011 and 2010, the accumulated accrued vacation totaled \$38,114 and \$37,131, respectively.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulate sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period sick leaves are taken.

NOTE G – COMMITMENTS AND CONTINGENCIES

The Organization entered into an office lease commencing on August 1, 2007, from Pico Madeira AFG LLC and Pico Madeira MAG LLC for a base monthly rent of \$6,492, with an annual increase of 3%. The lease term is through July 31, 2012

The lease expense for the years ended December 31, 2011 and 2010 was \$86,220 and \$83,676, respectively.

**GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2011**

NOTE G – COMMITMENTS AND CONTINGENCIES

The following is a schedule, by year, of future minimum rentals under the leases at December 31, 2011:

<u>Year</u>	<u>Amount</u>
2012	\$52,676

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the Organization to the provisions of the grant. Management is of the opinion that the Organization has complied with the terms of all grants.

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2011, the temporarily restricted net assets consisted of the following funding:

Mava Stiftung fur Naturschutz Grant	\$458,027
Environment Agency Abu Dhabi	50,000
Skoll Foundation	166,950
Winslow Foundation	<u>50,000</u>
	<u>\$724,977</u>

NOTE I – CONCENTRATION OF RISK

The Organization places its temporary cash investments with high-credit, high quality financial institutions, and by policy, limits the amount of credit exposure to any one financial institution. The Organization maintains three of its cash accounts in three such financial institutions. Cash balances held at these financial institutions were in excess of federally insured limits. The Organization believes no significant concentration of credit risk exists with respect to these cash investments. On December 31, 2011, there were no uninsured balances of these accounts.

NOTE J – SUBSEQUENT EVENTS

These financial statements were approved by the management of the Organization and available for issuance on September 21, 2012. The Organization has evaluated subsequent events through September 21, 2012.