

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

REPORT ON AUDIT OF FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

**(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012)**

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Patricia A. Wintroath, CPA

Independent Auditor's Report

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

I have audited the accompanying statement of financial position of Global Footprint Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. 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 from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2013, 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.

Report on Summarized Comparative Information

I have previously audited the Global Footprint Network, Inc.'s 2012 financial statements, and my report dated October 31, 2013, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Patricia A. Wintworth, CPA

Certified Public Accountant
Walnut Creek, CA

October 31, 2014

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2013	Total All Funds 2012
	General Fund	Property and Equipment			
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$608,110	\$	\$772,758	\$1,380,868	\$786,565
Grants and accounts receivable (Note C)	94,212			94,212	792,015
Investments (Note D)	96,869			96,869	64,905
Prepaid expenses	23,267			23,267	211
TOTAL CURRENT ASSETS	822,458	0	772,758	1,595,216	1,643,696
PROPERTY AND EQUIPMENT net of accumulated depreciation and amortization at December 31, 2013 and 2012 of \$116,823 and \$110,723, respectively. (Notes B and E)		45,269		45,269	12,166
DEPOSITS	10,861			10,861	11,245
TOTAL ASSETS	\$833,319	\$45,269	\$772,758	\$1,651,346	\$1,667,107
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Accounts payable and accrued liabilities	\$88,879	\$	\$	\$88,879	\$108,190
Accrued vacation (Note F)	47,672			47,672	37,691
Deferred revenue	48,457			48,457	62,000
TOTAL CURRENT LIABILITIES	185,008	0	0	185,008	207,881
COMMITMENTS AND CONTINGENCIES (Note G)					
NET ASSETS (Notes B & H)	648,311	45,269	772,758	1,466,338	1,459,226
TOTAL LIABILITIES AND NET ASSETS	\$833,319	\$45,269	\$772,758	\$1,651,346	\$1,667,107

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2013	Total All Funds 2012
	General Fund	Property and Equipment			
SUPPORT AND REVENUE					
Public Support:					
Foundation grants	\$335,366	\$	\$1,298,809	\$1,634,175	\$1,101,603
Contributions	75,169			75,169	62,017
In-kind contributions	65,420			65,420	176,791
Total Support	475,955	0	1,298,809	1,774,764	1,340,411
Revenue:					
Fees for services	480,865			480,865	800,875
Exchange rate gain (loss) - net				0	70
Honorarium	33,326			33,326	4,019
License fees	67,861			67,861	73,114
Reimbursed expenses	7,086			7,086	6,961
Royalties	458			458	2,418
Investment income	1,933			1,933	1,796
Other income	93			93	(37,546)
Unrealized gain (loss) on exchange account	22,362			22,362	(9,618)
Unrealized gain (loss) on investments	24,947			24,947	5,658
Total Revenue	638,931	0	0	638,931	847,747
Net Assets Released From Restrictions	726,088	33,103	(759,191)	0	0
TOTAL SUPPORT AND REVENUE	1,840,974	33,103	539,618	2,413,695	2,188,158
EXPENSES					
Program services	1,596,745			1,596,745	1,600,976
Management and general	487,072			487,072	538,155
Fundraising	322,766			322,766	380,396
Total Expenses	2,406,583	0	0	2,406,583	2,519,527
CHANGE IN NET ASSETS	(565,609)	33,103	539,618	7,112	(331,369)
NET ASSETS, beginning of year	1,213,920	12,166	233,140	1,459,226	1,790,595
NET ASSETS, end of year (Notes B & H)	<u>\$648,311</u>	<u>\$45,269</u>	<u>\$772,758</u>	<u>\$1,466,338</u>	<u>\$1,459,226</u>

GLOBAL FOOTPRINT NETWORK, INC.
STATEMENT OF CASH FLOWS
A CALIFORNIA NONPROFIT ORGANIZATION
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012)

	Unrestricted		Temporarily	Total	Total
	General	Property	Restricted	All	All
	Fund	and	Funds	Funds	Funds
		Equipment		2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in Net Assets	(\$565,609)	\$33,103	\$539,618	\$7,112	(\$331,369)
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:					
Depreciation		6,101		6,101	10,611
	(565,609)	39,204	539,618	13,213	(320,758)
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES					
(Increase) decrease in funding and accounts receivable	645,813		51,990	697,803	245,833
(Increase) decrease in prepaid expenses	(23,056)			(23,056)	4,145
(Increase) decrease in deposits	384			384	(2,651)
Increase (decrease) in accounts payable and accrued liabilities	(19,311)			(19,311)	33,720
Increase (decrease) in accrued vacation	9,981			9,981	(4,555)
Increase (decrease) in deferred revenue	(13,543)			(13,543)	(34,000)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	34,659	39,204	591,608	665,471	(78,266)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of equipment		(39,204)		(39,204)	(8,790)
Purchase(donation) of marketable securities	(7,017)			(7,017)	0
Unrealized (gain) loss on marketable securities	(24,947)			(24,947)	(5,658)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(31,964)	(39,204)	0	(71,168)	(14,448)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,695	0	591,608	594,303	(92,714)
CASH AND CASH EQUIVALENTS, beginning of year	\$605,415	\$0	\$181,150	786,565	879,279
CASH AND CASH EQUIVALENTS, end of year	\$608,110	\$0	\$772,758	\$1,380,868	\$786,565
SUPPLEMENTAL INFORMATION:					
Interest paid				\$304	\$678

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012)

	Communications	Research and Standards	International Offices	Client Services	Partnership	Project Development	Total Program	Management and General	Fundraising	Total Support	Total All Funds 2013	Total All Funds 2012
Salaries	\$170,574	\$169,209		\$180,492	\$17,394	\$150,216	\$687,885	\$294,236	\$165,764	\$460,000	\$1,147,885	\$1,217,186
Payroll taxes	14,101	11,933		14,968	1,449	12,790	55,241	24,610	13,291	37,901	93,142	104,079
Employee benefits	6,660	9,819		5,736	389	3,226	25,830	13,003	4,916	17,919	43,749	47,137
Total personnel expenses	191,335	190,961	0	201,196	19,232	166,232	768,956	331,849	183,971	515,820	1,284,776	1,368,402
Direct program expenses	98,929	38,699	7,507	201,855	115	9,359	356,464	1,747	25,127	26,874	383,338	420,220
Computer expenses	6,589	8,123		1,372	62	2,876	19,022	8,720	8,184	16,904	35,926	45,274
Insurance	(109)	(121)		(83)	(1)	(56)	(370)	9,188	(82)	9,106	8,736	6,319
Interest expense	1,947	1,968		1,348	66	1,045	6,374	304	304	304	304	678
Meals and entertainment	1,914						1,914	1,568	1,376	2,944	9,318	11,158
Internet-Website expense	109	251	4	306	1	43	714	3,177	1,054	4,231	1,914	2,105
Bank charges	499	554		383	5	256	1,697	728	379	1,107	4,945	4,590
Board expenses	993	1,102		762	9	509	3,375	1,973	753	2,726	2,804	4,960
Depreciation	63	70		49	1	33	216	381	48	429	6,101	10,611
Licenses, fees, permits	152	407		116	1	78	754	923	402	1,325	645	2,179
Occupancy	1,996	1,113		856	9	642	4,616	1,717	817	2,534	0	16,470
Office expense	6,364	2,314	39	55	1	37	8,810	304	3,140	3,444	2,079	1,706
Office supplies	437	488		95		91	1,111	98	3,139	3,237	7,150	6,178
Postage and delivery	19,824	21,991		15,200	180	10,168	67,363	28,107	15,026	43,133	12,254	12,815
Recruitment	896	994		687	8	459	3,044	1,306	679	1,985	4,348	868
Repairs & maintenance	2,011	2,230		1,542	18	1,031	6,832	2,931	1,524	4,455	110,496	97,746
Utilities	43,053	56,772		9,649	132	11,719	121,325	48,445	64,034	112,479	0	3,225
Professional fees	3,657	6,550	1,286	2,415	1	1,083	14,992	452	8,596	9,048	5,029	5,033
Travel	525	583	188,917	403	5	269	190,702	766	398	1,164	11,287	10,574
Funding of international start up costs	5,543	6,148		4,250	50	2,843	18,834	42,388	4,201	46,589	233,804	256,784
In kind expenses											24,040	54,841
											191,866	0
											65,423	176,791
Total expenses	\$386,727	\$341,197	\$197,753	\$442,456	\$19,895	\$208,717	\$1,596,745	\$487,072	\$322,766	\$809,838	\$2,406,583	\$2,519,527

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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.

Fair Value Measurements – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumption market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

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 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during the year ended December 31, 2013.

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.

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Summarized Financial Information for 2012 - 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, 2012, from which the summarized information was derived.

Reclassifications - Certain reclassifications have been made in the 2012 comparative totals to conform to the classifications used in 2013.

NOTE C – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consisted of the following amounts as of December 31, 2013:

	<u>Amount</u>
Unrestricted grants and accounts receivable:	
Ecosistemas Design Ecologico	\$14,977
Industrielle Werke Basel	11,404

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE C – GRANTS AND ACCOUNTS RECEIVABLE (Continued)

Internal Revenue Service	\$ 4,194
Ontario Ministry of Natural Resources	3,672
Network for Good – Skoll Foundation	18,116
Society of Biology	1,134
World Wildlife Federation - Russia	<u>40,215</u>
Total unrestricted grants and accounts receivable	<u>\$93,712</u>
Total grants and accounts receivable	<u>\$93,712</u>

The organization does not believe that an allowance for doubtful accounts is required for any of the grant receivable as of December 31, 2013.

NOTE D - INVESTMENTS

The following is a summary of investments classified by major type as of December 31, 2013:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Equity Securities	<u>\$82,256</u>	<u>\$96,869</u>	<u>\$14,613</u>
Total Marketable Securities	<u>\$82,256</u>	<u>\$96,869</u>	<u>\$14,613</u>

NOTE E - PROPERTY AND EQUIPMENT

Property and Equipment as of December 31, 2013, consisted of the following:

Furniture & Equipment	\$106,583
Donated Furniture & Equipment	13,415
Tenant Improvements	11,988
Software license	<u>30,106</u>
Total Property and Equipment	162,092
Less: Accumulated Depreciation	<u>116,823</u>
Net Property and Equipment	<u>\$ 45,269</u>

Total depreciation expense for the years ended December 31, 2013 and 2012 was \$6,101 and \$10,611, respectively.

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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, 2013 and 2012, the accumulated accrued vacation totaled \$47,672 and \$37,691, 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, 2012, from Pico Madeira AFG LLC and Pico Madeira MAG LLC for a base monthly rent of \$9,042, with an annual increase of 3%. The lease term is through July 31, 2017

The lease expense for the years ended December 31, 2013 and 2012 was \$109,862 and \$97,746, respectively.

The following is a schedule, by year, of future minimum rentals under the leases at December 31, 2013:

<u>Year</u>	<u>Amount</u>
2014	\$113,158
2015	116,553
2016	120,049
2017	71,239

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.

GLOBAL FOOTPRINT NETWORK, INC.
A CALIFORNIA NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2013, the temporarily restricted net assets consisted of the following funding:

Mava Stiftung fur Naturschutz	\$295,711
Mava Med	196,010
Barr Foundation	75,000
Restricted Grant – Asia	\$35,239
RF Restricted Grant	53,004
V. Kann Rasmussen State of States	47,220
Winslow Foundation	<u>70,574</u>
	<u>\$772,758</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, 2013, 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 October 31, 2014. The Organization has evaluated subsequent events through October 31, 2014.