

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

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

**(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2015)**

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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 financial statements of Global Footprint Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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, 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.

**Report on Summarized Comparative Information**

I have previously audited the Global Footprint Network, Inc.'s 2015 financial statements, and my report dated March 7, 2016, 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, 2015, 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

April 6, 2017

**GLOBAL FOOTPRINT NETWORK, INC.**  
**A CALIFORNIA NONPROFIT ORGANIZATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2016	Total All Funds 2015
	General Fund	Property and Equipment			
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$408,848	\$	\$472,459	\$881,307	\$1,065,489
Grants and accounts receivable (Note C)	56,746		300,000	356,746	595,965
Prepaid expenses	32,963			32,963	41,501
<b>TOTAL CURRENT ASSETS</b>	<b>498,557</b>	<b>0</b>	<b>772,459</b>	<b>1,271,016</b>	<b>1,702,955</b>
PROPERTY AND EQUIPMENT net of accumulated depreciation and amortization at December 31, 2015 and 2014 of \$167,271 and \$142,018, respectively. (Notes B and D)		85,464		85,464	45,758
DEPOSITS	10,177			10,177	10,177
<b>TOTAL ASSETS</b>	<b>\$508,734</b>	<b>\$85,464</b>	<b>\$772,459</b>	<b>\$1,366,657</b>	<b>\$1,758,890</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable and accrued liabilities	\$85,746	\$	\$	\$85,746	\$147,607
Accrued vacation (Note E)	34,539			34,539	46,630
Deferred revenue	0			0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>120,285</b>	<b>0</b>	<b>0</b>	<b>120,285</b>	<b>194,237</b>
COMMITMENTS AND CONTINGENCIES (Note F)					
NET ASSETS (Notes B & G)	388,449	85,464	772,459	1,246,372	1,564,653
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$508,734</b>	<b>\$85,464</b>	<b>\$772,459</b>	<b>\$1,366,657</b>	<b>\$1,758,890</b>

**GLOBAL FOOTPRINT NETWORK, INC.**  
**A CALIFORNIA NONPROFIT ORGANIZATION**  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2016	Total All Funds 2015
	General Fund	Property and Equipment			
<b>SUPPORT AND REVENUE</b>					
Public Support:					
Foundation grants	\$64,750	\$	\$1,262,765	\$1,327,515	\$2,175,821
Contributions	107,181		89,116	196,297	91,467
In-kind contributions	213,081			213,081	211,597
<b>Total Support</b>	<b>385,012</b>	<b>0</b>	<b>1,351,881</b>	<b>1,736,893</b>	<b>2,478,885</b>
Revenue:					
Fees for services	312,627			312,627	395,978
Exchange rate gain (loss) - net				0	0
Honorarium	12,053			12,053	23,413
License fees	51,726			51,726	58,305
Reimbursed expenses	2,341			2,341	0
Miscellaneous	532			532	0
Royalties	575			575	162
Investment income	4			4	1,080
Realized gain (loss) on exchange account	9,525			9,525	0
Unrealized gain (loss) on exchange account	(7,632)			(7,632)	(8,268)
Unrealized gain (loss) on investments				0	72
<b>Total Revenue</b>	<b>381,751</b>	<b>0</b>	<b>0</b>	<b>381,751</b>	<b>470,742</b>
Net Assets Released From Restrictions	1,554,267	39,706	(1,593,973)	0	0
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,321,030</b>	<b>39,706</b>	<b>(242,092)</b>	<b>2,118,644</b>	<b>2,949,627</b>
<b>EXPENSES</b>					
Program services	1,874,899			1,874,899	2,012,695
Management and general	294,559			294,559	430,301
Fundraising	267,467			267,467	498,014
<b>Total Expenses</b>	<b>2,436,925</b>	<b>0</b>	<b>0</b>	<b>2,436,925</b>	<b>2,941,010</b>
CHANGE IN NET ASSETS	(115,895)	39,706	(242,092)	(318,281)	8,617
NET ASSETS, beginning of year	\$504,344	\$45,758	\$1,014,551	1,564,653	1,556,036
NET ASSETS, end of year (Notes B & G)	\$388,449	\$85,464	\$772,459	\$1,246,372	\$1,564,653

**GLOBAL FOOTPRINT NETWORK, INC.**

## STATEMENT OF CASH FLOWS

A CALIFORNIA NONPROFIT ORGANIZATION

YEAR ENDED DECEMBER 31, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

	Unrestricted		Temporarily Restricted Funds	Total All Funds 2016	Total All Funds 2015
	General Fund	Property and Equipment			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Change in Net Assets	(\$115,895)	\$39,706	(\$242,092)	(\$318,281)	\$8,617
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:					
Depreciation		25,253		25,253	13,868
	(115,895)	64,959	(242,092)	(293,028)	22,485
<b>CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES</b>					
(Increase) decrease in funding and accounts receivable	522,280		(283,061)	239,219	(99,651)
(Increase) decrease in prepaid expenses	8,538			8,538	(7,908)
(Increase) decrease in deposits	0			0	684
Increase (decrease) in accounts payable and accrued liabilities	(61,861)			(61,861)	21,419
Increase (decrease) in accrued vacation	(12,091)			(12,091)	8,792
Increase (decrease) in deferred revenue	0			0	(8,896)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>340,971</u>	<u>64,959</u>	<u>(525,153)</u>	<u>(119,223)</u>	<u>(63,075)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of equipment		(64,959)		(64,959)	(2,274)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>0</u>	<u>(64,959)</u>	<u>0</u>	<u>(64,959)</u>	<u>(2,274)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	340,971	0	(525,153)	(184,182)	(65,349)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>\$67,877</u>	<u>\$0</u>	<u>\$997,612</u>	<u>1,065,489</u>	<u>1,130,838</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$408,848</u></u>	<u><u>\$0</u></u>	<u><u>\$472,459</u></u>	<u><u>\$881,307</u></u>	<u><u>\$1,065,489</u></u>
<b>SUPPLEMENTAL INFORMATION:</b>					
Interest paid				<u>\$408</u>	<u>\$1,154</u>

**GLOBAL FOOTPRINT NETWORK, INC.**  
**A CALIFORNIA NONPROFIT ORGANIZATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015)

	Communications	Research and Standards	Client Services	Project Development	Total Program	Management and General	Fundraising	Total Support	Total All Funds 2016	Total All Funds 2015
Salaries	\$104,632	\$222,295	\$205,350	\$267,517	\$799,794	\$146,617	\$148,011	\$294,628	\$1,094,422	\$1,310,383
Payroll taxes	8,616	18,306	16,910	22,030	65,862	12,074	12,189	24,263	90,125	106,292
Employee benefits	7,339	9,192	9,295	11,002	36,828	9,788	7,637	17,425	54,253	53,552
<b>Total personnel expenses</b>	<b>120,587</b>	<b>249,793</b>	<b>231,555</b>	<b>300,549</b>	<b>902,484</b>	<b>168,479</b>	<b>167,837</b>	<b>336,316</b>	<b>1,238,800</b>	<b>1,470,227</b>
Direct program expenses	13,608	60,078	21,381	148,632	243,699	3,796	14,924	18,720	262,419	360,924
Computer expenses	6,291	7,875	7,193	9,032	30,391	5,496	5,194	10,690	41,081	39,160
Insurance	1,183	2,513	2,322	3,024	9,042	1,889	1,673	3,562	12,604	9,330
Interest expense					0	408		408	408	1,154
Meals and entertainment					0			0	0	11,471
Internet-Website expense					0			0	0	316
Bank charges	8	95		6	109	3,554	1,384	4,938	5,047	5,496
Board expenses					0	175		175	175	10,121
Depreciation	2,414	5,129	4,739	6,173	18,455	3,383	3,415	6,798	25,253	13,868
Licenses, fees, permits	19	39	36	47	141	203	26	229	370	(96)
Office expense	2,081	4,218	3,897	5,005	15,201	2,945	2,734	5,679	20,880	467
Office supplies					0			0	0	5,874
Postage and delivery					0			0	0	1,130
Recruitment	198	421	390	507	1,516	278	471	749	2,265	10,790
Rent	11,656	24,764	22,876	29,802	89,098	17,073	16,489	33,562	122,660	118,555
Repairs and maintenance					0			0	0	280
Telephone	1,084	2,304	2,128	2,890	8,406	1,519	1,534	3,053	11,459	7,510
Utilities	1,087	2,309	2,133	2,779	8,308	1,523	1,538	3,061	11,369	12,459
Professional fees	82,155	28,370	65,075	126,481	302,081	37,357	39,151	76,508	378,589	404,046
Travel	3,566	3,169	15,593	36,879	59,207	9,815	6,657	16,472	75,679	96,331
Bad debt			1,000		1,000			0	1,000	0
Funding of international start up costs					0	13,786		13,786	13,786	150,000
In kind expenses	112,808	60,682	12,271		185,761	22,880	4,440	27,320	213,081	211,597
<b>Total expenses</b>	<b>\$358,745</b>	<b>\$451,759</b>	<b>\$392,589</b>	<b>\$671,806</b>	<b>\$1,874,899</b>	<b>\$294,559</b>	<b>\$267,467</b>	<b>\$562,026</b>	<b>\$2,436,925</b>	<b>\$2,941,010</b>

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, 2016

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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, 2016

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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, 2016.

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.

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.

**GLOBAL FOOTPRINT NETWORK, INC.**  
**A CALIFORNIA NONPROFIT ORGANIZATION**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$21.50 per hour based 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, 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 2015 - 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, 2015, from which the summarized information was derived.

Reclassifications - Certain reclassifications have been made in the 2015 comparative totals to conform to the classifications used in 2016.

NOTE C – GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consisted of the following amounts as of December 31, 2016:

	<u>Amount</u>
Unrestricted grants and accounts receivable:	
Agence Francaise de Developpement	\$ 15,000
Globe EU	546
RIHN	19,700
UNEP Geneva	20,000
WWF Sweden	<u>1,500</u>
Total unrestricted grants and accounts receivable	<u>\$ 56,746</u>

**GLOBAL FOOTPRINT NETWORK, INC.**  
**A CALIFORNIA NONPROFIT ORGANIZATION**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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NOTE C – GRANTS AND ACCOUNTS RECEIVABLE (Continued)

Temporarily restricted grants receivable:

Mava Stiftung fur Naturschutz	<u>\$300,000</u>
Total temporarily restricted grants receivable	<u>\$300,000</u>
Total grants and accounts receivable	<u>\$356,746</u>

The organization does not believe that an allowance for doubtful accounts is required for any of the grant receivable as of December 31, 2016.

NOTE D - PROPERTY AND EQUIPMENT

Property and Equipment as of December 31, 2016, consisted of the following:

Furniture & Equipment	\$159,323
Donated Furniture & Equipment	13,415
Tenant Improvements	21,110
Software license	<u>58,887</u>
Total Property and Equipment	252,735
Less: Accumulated Depreciation	<u>167,271</u>
Net Property and Equipment	<u>\$ 85,464</u>

Total depreciation expense for the years ended December 31, 2016 and 2015 was \$25,253 and \$13,868, respectively.

NOTE E – 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, 2016 and 2015, the accumulated accrued vacation totaled \$34,539 and \$46,630, 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.

**GLOBAL FOOTPRINT NETWORK, INC.**  
**A CALIFORNIA NONPROFIT ORGANIZATION**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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NOTE F – 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%, plus \$156 additional storage rent. The lease term is through July 31, 2017.

The lease expense for the years ended December 31, 2016 and 2015 was \$122,661 and \$118,555, respectively.

The following is a schedule, by year, of future minimum rentals under the leases at December 31, 2016:

<u>Year</u>	<u>Amount</u>
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.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016, the temporarily restricted net assets consisted of the following funding:

Barr Foundation	\$ 75,710
Mava Stiftung fur Naturschutz - Mava Med	206,750
Mava Stiftung fur Naturschutz – Mava Finance for Change	227,788
Mava Stiftung fur Naturschutz – Mava Global	130,680
Tellus Mater Foundation	70,192
Winslow Foundation	<u>61,339</u>
	<u>\$772,459</u>

NOTE H – 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.

**GLOBAL FOOTPRINT NETWORK, INC.**  
**A CALIFORNIA NONPROFIT ORGANIZATION**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016

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NOTE I – SUBSEQUENT EVENTS

These financial statements were approved by the management of the Organization and available for issuance on April 6, 2017. The Organization has evaluated subsequent events through April 6, 2017.