

**Global Forest Generation**

**FINANCIAL STATEMENTS  
and  
INDEPENDENT AUDITOR'S REPORT**

**for the years ended June 30, 2023 and June 30, 2022**

# Global Forest Generation

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## **Independent Auditor's Report**

To Board of Directors  
Global Forest Generation

### ***Opinion***

I have audited the accompanying statements of financial position of Global Forest Generation as of June 30, 2023 and 2022, the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Global Forest Generation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Global Forest Generation, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Forest Generation's ability to continue as a going concern for the period of one year from the date of this report.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Global Forest Generation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Forest Generation's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.



Helen Nelson, CPA

Hancock, Maryland

September 7, 2023

**Global Forest Generation**  
**Statements of Financial Position**  
as of June 30, 2023 and June 30, 2022

<b>Assets</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Cash and Cash Equivalents		
Bank Accounts	\$ 487,310	\$ 117,885
Money Market	1,189,307	128,268
	<hr/>	<hr/>
Total Cash and Cash Equivalents	\$ 1,676,617	\$ 246,153
Investments	-	414,559
Grants, Accounts Receivable	3,382,723	1,439,400
Prepaid Expenses	644	1,502
Vendor Deposit	6,156	10,760
Property and Equipment, Net	3,463	5,508
	<hr/>	<hr/>
<b>Total Assets</b>	<b><u><u>\$ 5,069,603</u></u></b>	<b><u><u>\$ 2,117,882</u></u></b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts Payable	\$ 25,875	\$ 9,457
Accrued Leave	16,151	
Refundable Advance	320,478	
	<hr/>	<hr/>
Total Liabilities	\$ 362,504	\$ 9,457
Net Assets:		
Without Donor Restrictions	\$ 1,181,734	\$ 422,127
With Donor Restrictions	3,525,365	1,686,298
	<hr/>	<hr/>
Total Net Assets	\$ 4,707,099	\$ 2,108,425
	<hr/>	<hr/>
<b>Total Liabilities &amp; Net Assets</b>	<b><u><u>\$ 5,069,603</u></u></b>	<b><u><u>\$ 2,117,882</u></u></b>

see accompanying notes to financial statements

**Global Forest Generation**  
**Statement of Activities**  
for the year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Support</b>			
<b>Contributions of Cash and Other Financial Assets</b>			
Individuals	\$ 305,807	\$ -	\$ 305,807
Corporations and Foundations	1,897,475	4,135,167	6,032,642
<b>Total Contributions of Cash and Other Financial Assets</b>	<b>\$ 2,203,282</b>	<b>\$ 4,135,167</b>	<b>\$ 6,338,449</b>
<b>Contributions of Nonfinancial Assets</b>	<b>4,230</b>		<b>4,230</b>
<b>Interest and Dividends</b>	<b>25,183</b>		<b>25,183</b>
<b>Gain (Loss) on Investments</b>	<b>2,051</b>		<b>2,051</b>
<b>Support Provided by expiring time and purpose restrictions*</b>	<b>2,296,100</b>	<b>(2,296,100)</b>	<b>-</b>
<b>Total Revenues, Gains, and Support</b>	<b>\$ 4,530,846</b>	<b>\$ 1,839,067</b>	<b>\$ 6,369,913</b>
<b>Expenses</b>			
<b>Program Services</b>			
Accion Andina Administration	\$ 372,513	\$ -	\$ 372,513
Accion Andina Implementation	2,869,387		2,869,387
New Initiatives	25,764		25,764
Communications	121,310		121,310
<b>Total Program Services</b>	<b>3,388,974</b>	<b>-</b>	<b>3,388,974</b>
<b>Supporting Services</b>			
Management and General	188,812		188,812
Fund Raising	193,453		193,453
<b>Total Supporting Services</b>	<b>382,265</b>	<b>-</b>	<b>382,265</b>
<b>Total Expenses</b>	<b>\$ 3,771,239</b>	<b>\$ -</b>	<b>\$ 3,771,239</b>
<b>Change in Net Assets</b>	<b>\$ 759,607</b>	<b>\$ 1,839,067</b>	<b>\$ 2,598,674</b>
<b>Net Assets at Beginning of Year</b>	<b>\$ 422,127</b>	<b>\$ 1,686,298</b>	<b>\$ 2,108,425</b>
<b>Net Assets at End of Year</b>	<b>\$ 1,181,734</b>	<b>\$ 3,525,365</b>	<b>\$ 4,707,099</b>

\*see note 2, Revenue and Expense Recognition

**Global Forest Generation**  
**Statement of Activities**  
for the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Support</b>			
<b>Contributions of Cash and Other Financial Assets</b>			
Individuals	\$ 490,723	\$ 5,000	\$ 495,723
Corporations and Foundations	1,158,718	2,258,705	3,417,423
<b>Total Contributions of Cash and Other Financial Assets</b>	<b>\$ 1,649,441</b>	<b>\$ 2,263,705</b>	<b>\$ 3,913,146</b>
<b>Contributions of Nonfinancial Assets</b>	<b>1,024</b>		<b>1,024</b>
<b>Interest and Dividends</b>	<b>3,553</b>		<b>3,553</b>
<b>Gain (Loss) on Investments</b>	<b>(95,637)</b>		<b>(95,637)</b>
<b>Support Provided by expiring purpose time and restrictions*</b>	<b>1,324,740</b>	<b>(1,324,740)</b>	<b>-</b>
<b>Total Revenues, Gains, and Support</b>	<b>\$ 2,883,121</b>	<b>\$ 938,965</b>	<b>\$ 3,822,086</b>
<b>Expenses</b>			
<b>Program Services</b>			
Accion Andina Administration	\$ 157,179	\$ -	\$ 157,179
Accion Andina Implementation	2,034,607		2,034,607
Conservation	116,818		116,818
Communications	70,136		70,136
<b>Total Program Services</b>	<b>2,378,740</b>	<b>-</b>	<b>2,378,740</b>
<b>Supporting Services</b>			
Management and General	115,801		115,801
Fund Raising	98,655		98,655
<b>Total Supporting Services</b>	<b>214,456</b>	<b>-</b>	<b>214,456</b>
<b>Total Expenses</b>	<b>\$ 2,593,196</b>	<b>\$ -</b>	<b>\$ 2,593,196</b>
<b>Change in Net Assets</b>	<b>\$ 289,925</b>	<b>\$ 938,965</b>	<b>\$ 1,228,890</b>
<b>Net Assets at Beginning of Year</b>	<b>\$ 132,202</b>	<b>\$ 747,333</b>	<b>\$ 879,535</b>
<b>Net Assets at End of Year</b>	<b>\$ 422,127</b>	<b>\$ 1,686,298</b>	<b>\$ 2,108,425</b>

\*see note 2, Revenue and Expense Recognition



**Global Forest Generation**  
**Statement of Functional Expenses**  
for the year ended June 30, 2023

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL
	Accion Andina Administration	Accion Andina Implementation	New Initiatives	Communi-cations	Management and General	Fund Raising	
<b>EXPENSES</b>							
Program Administration	\$ 224,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,800
Program Implementation	-	2,853,559	18,000	2,400			2,873,959
Payroll Expenses	41,502	11,987	289	96,301	107,254	157,637	414,970
Consultant and Professional Fees	100,140	3,187	7,475	16,393	56,238	20,513	203,946
Travel	4,794			637	6,208	14,002	25,641
Dues and Subscriptions	354			5,054	8,661	1,087	15,156
Insurance					1,939		1,939
Depreciation					1,550		1,550
Office and Miscellaneous Costs	923	654		525	6,962	214	9,278
<b>TOTAL EXPENSES</b>	<b>\$ 372,513</b>	<b>\$ 2,869,387</b>	<b>\$ 25,764</b>	<b>\$ 121,310</b>	<b>\$ 188,812</b>	<b>\$ 193,453</b>	<b>\$ 3,771,239</b>

**Global Forest Generation**  
**Statement of Functional Expenses**  
for the year ended June 30, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES		TOTAL
	Accion Andina Capacity Building	Accion Andina Implementation	Conservation	Communi- cations	Management and General	Fund Raising	
<b>EXPENSES</b>							
Program Implementation	\$ 107,674	\$ 2,032,995	\$ 36,000	\$ -	\$ -	\$ -	\$ 2,176,669
Payroll Expenses	3,613		75,746	38,874	44,421	67,506	230,160
Consultant and Professional Fees	38,343	1,550	1,830	22,388	59,798	18,099	142,008
Travel	5,701		3,226	2,286	405	9,815	21,433
Website				900		300	1,200
Dues and Subscriptions	768	62		5,354	4,313	2,350	12,847
Meetings and Trainings	1,080					509	1,589
Insurance					1,762		1,762
Registration					50		50
Investment Management Fees					2,354		2,354
Office Costs			16	334	2,317	76	2,743
Depreciation					381		381
<b>TOTAL EXPENSES</b>	<b>\$ 157,179</b>	<b>\$ 2,034,607</b>	<b>\$ 116,818</b>	<b>\$ 70,136</b>	<b>\$ 115,801</b>	<b>\$ 98,655</b>	<b>\$ 2,593,196</b>

**Global Forest Generation**  
**Statements of Cash Flows**  
for the years ended June 30, 2023 and June 30, 2022

	<u>2023</u>	<u>2022</u>
<b>Operating activities:</b>		
Cash inflows for operations:		
Contributions	\$ 4,715,603	\$ 3,125,849
Interest and Dividends	25,183	3,553
Realized Gains (Losses) on investments	(71,520)	5,899
Cash outflows for operations:		
Payments to employees, consultants	(598,535)	(372,168)
Payments to vendors	<u>(3,133,496)</u>	<u>(2,212,368)</u>
<b>Net Cash (used) provided by operating activities</b>	<b><u>\$ 937,235</u></b>	<b><u>\$ 550,765</u></b>
<b>Investing activities:</b>		
Transfer of funds for vendor deposit	\$ 4,604	\$ (10,760)
Net Purchase (Disposal) of equipment	495	(5,889)
Net proceeds from (purchases) sales of investments	<u>488,130</u>	<u>(389,499)</u>
<b>Net Cash (used) provided by investing activities</b>	<b><u>\$ 493,229</u></b>	<b><u>\$ (406,148)</u></b>
<b>Net Increase (Decrease) in Cash</b>	<b><u>\$ 1,430,464</u></b>	<b><u>\$ 144,617</u></b>
<b>Cash at Beginning of Year</b>	<b>\$ 246,153</b>	<b>\$ 101,536</b>
<b>Cash at End of Year</b>	<b>\$ 1,676,617</b>	<b>\$ 246,153</b>

see accompanying notes to financial statements

**Global Forest Generation**  
**Notes to Financial Statements**  
**for the years ended June 30, 2023 and June 30, 2022**

**1. Description of Organization**

Global Forest Generation (GFG), a nonprofit organization formed in 2018, engages in large-scale restoration of threatened forests which play a critical role in preserving water, protecting biodiversity, storing carbon, and sustaining local livelihoods. GFG identifies and brings together the best native forest projects across entire ecosystems, providing strategic, technical, and financial support to grassroots conservation leaders and their communities. GFG's first major restoration program, Acción Andina, is empowering its local partners in Latin America to restore high altitude forest ecosystems that span seven Andean nations. The initiative aims to protect and restore one million hectares of threatened high Andean, *Polylepis* forest ecosystems in Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela over 25 years. In addition, GFG proactively informs and shapes policy for a global audience on where and how to have the greatest and most enduring conservation and social impact through restoration of native forest ecosystems.

**2. Significant Accounting Policies**

Global Forest Generation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by GFG are described subsequently to enhance the usefulness and understandability of the financial statements.

***Basis of Accounting***

GFG prepares its financial statements using the accrual basis of accounting, which follows US GAAP. Revenue is recognized when earned, and expenses are recognized when the obligation is incurred.

***Cash and Cash Equivalents***

Cash equivalents are short term, highly liquid investments with original maturities of three months or less.

**Global Forest Generation  
Notes to Financial Statements  
for the years ended June 30, 2023 and June 30, 2022**

***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, GFG's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. GFG's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

***Net Assets***

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of GFG, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

***Net Assets With Donor Restrictions***

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. All donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions could be perpetual in nature; GFG must continue to use the resources in accordance with the donor's instructions. GFG holds no permanently restricted net assets.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

**Global Forest Generation**  
**Notes to Financial Statements**  
**for the years ended June 30, 2023 and June 30, 2022**

***Accounts and Grants Receivable***

Grants receivable are unconditional promises to give that are recognized as grants when the promise is received. Accounts and grants receivable are expected to be collected in less than one year are reported at net realizable value, and this value on June 30, 2022 was \$1,439,400. Grants expected to be received beyond one year as of June 30, 2023 totaled \$1,724,830, and they were discounted to a present value of \$1,684,662. The discount of \$40,168 was calculated using the T-bill rate for the related period. The total of net receivables on June 30, 2023 was \$3,382,723. At June 30, 2023 and 2022, all receivables were considered collectible, therefore no allowance for doubtful accounts has been recognized.

***Contributions of Nonfinancial Assets***

Global Forest Generation receives some contributions of nonfinancial assets. These in-kind donations of materials and services are valued at fair market value at the date of donation. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

GFG benefits greatly from the personal services provided by volunteers who donate their time and skills. Most services donated by volunteers during the years ended June 30, 2023 and 2022 did not meet the criteria described in the previous paragraph, and are not included in these financial statements. There were some pro-bono legal services provided during the fiscal year ended June 30, 2023, and those services are reflected in these financials.

Donations of goods and services are further described in Note 8.

***Revenue and Expense Recognition***

Contributions, including unconditional promises to give, are recognized when pledged or received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions.

**Global Forest Generation  
Notes to Financial Statements  
for the years ended June 30, 2023 and June 30, 2022**

All expenses are reported when incurred regardless of when paid. All expenses show as decreases in net assets without donor restrictions in the Statement of Financial Activities, and the release from restriction, either through the passage of time or meeting purpose restricted spending, show as a transfer from restricted to unrestricted in the Statement of Financial Activities. If restricted funds are recognized and spent within the same period, then those revenues and expenses are reported as an increase and decrease in net assets without donor restrictions.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year.

Conditional promises, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. If the conditional funds have not yet been received, then the revenue is simply not recognized. If the conditional funds have been received, then the funds are set up as a refundable advance, a liability. As of June 30, 2023, GFG held \$320,458 in refundable advances.

***Expense Allocation***

The cost of providing the GFG's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

Consultant and payroll costs are allocated based on estimates by employees, consultants and management of time spent on programs, administrative tasks, and fundraising.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

**Global Forest Generation**  
**Notes to Financial Statements**  
**for the years ended June 30, 2023 and June 30, 2022**

***Statement of Cash Flows***

The statement of cash flows is presented in the direct method, presenting revenues and expenditures on a cash basis.

***Property and Equipment***

Property and equipment are recorded at cost as of the date of acquisition or fair market value as of the date of contribution. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis. Computer equipment is depreciated over a three-year period. Global Forest Generation has a policy of expensing fixed asset purchases of less than \$500. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred. See Note 10 for further information.

***Adoption of New Accounting Standards***

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021. GFG adopted the new standard effective July 1, 2021. This standard requires a change in the presentation in the Statement of Financial Activities, with a separate line item required for in-kind donations. It also requires a change in disclosures, including additional information on the monetization or utilization of donated assets, valuation techniques, and other information. GFG did have contributions of nonfinancial assets in the year ended June 30, 2022, and this information is presented as required, and additional disclosures are in Note 8.

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842)* to increase transparency and comparability about leases among entities. The new guidance requires lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. It also requires additional disclosures about leasing arrangements. ASU No. 2016-02, as amended by 2021-05, is effective for nonpublic entities for fiscal years beginning after December 15, 2021 with early implementation allowed. ASU No. 2016-02 originally specified a modified retrospective transition method which requires the entity to initially apply the new lease standard at the beginning of the earliest period presented in the financial statements. In July



**Global Forest Generation  
Notes to Financial Statements  
for the years ended June 30, 2023 and June 30, 2022**

2018, FASB issued ASU No. 2018-11, *Leases* (Topic 842): *Targeted Improvements*, providing a second, optional transition method that allows the entity to apply the new standard at the adoption date and recognize the cumulative effect adjustment to the opening balance in the net assets in the period of adoption. The Organization holds no leases, but will follow the guidance should it take on a lease.

**3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and June 30, 2022 are:

Financial assets:	2023	2022
Cash and cash equivalents	\$1,676,617	\$ 246,153
Accounts and grants receivable	<u>3,382,723</u>	<u>1,439,400</u>
Total financial assets:	\$5,059,340	\$1,685,553
Less financial assets held to meet non-operational donor-imposed restrictions:	<u>(3,525,365)</u>	<u>(1,686,298)</u>
Amount available for general expenditures within one year	<u>\$1,533,975</u>	<u>\$ (745)</u>

Global Forest Generation does have a policy that excess funds are placed in an investment account, and as of June 30, 2023 and 2022 those funds are available in addition to funds shown in the above table, as shown below:

Mutual Fund Investments Available	\$ 0	\$ 414,559
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**Global Forest Generation**  
**Notes to Financial Statements**  
**for the years ended June 30, 2023 and June 30, 2022**

#### **4. Income Tax Status**

Global Forest Generation is an exempt organization operating under Section 501(c)(3) of the Internal Revenue Code, and is exempt from Federal and State taxes on any net income derived from activities related to its exempt purpose. This code section enables GFG to accept donations that qualify as charitable contributions to the donor. GFG is taxed on net income from any unrelated business activities. The organization did not engage in any unrelated business activities and, accordingly, no income tax expense has been recognized. Management has determined that no significant uncertain tax positions qualify for either recognition or disclosure in the accompanying financial statements.

#### **5. Fair Value Measurements**

GFG reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by US GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
  
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

**Global Forest Generation  
Notes to Financial Statements  
for the years ended June 30, 2023 and June 30, 2022**

- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

All of GFG's assets and liabilities are considered to be Level 1, and investments were valued at the closing quoted price in an active market.

## **6. Net Assets With Donor Restrictions**

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period, or a combination of both restrictions. As of June 30, 2023 and 2022, GFG held net assets with donor restrictions in the amounts of \$3,525,365 and \$1,686,298 respectively. There were no net assets either year that were permanently restricted by the donor(s).

## **7. Commitments and Contingencies**

Over the years Global Forest Generation has entered into multiple agreements with Ecosistemas Andinos (ECOAN). The agreements provide for payments from GFG to ECOAN for services related to the Acción Andina project (Note 1). There have been many new multi-year agreements initiated, and multiple modifications to the existing agreements. The conditional agreements call for specific deliverables with corresponding payments and are contingent on availability of funds. Two of the most recent grant agreements call for funding by GFG of up to \$3,092,166 for the January 1, 2023 to March 31, 2024 period, and \$348,300 for the July 1, 2023 to June 30, 2024 period.

Amounts due under the agreements between ECOAN and its partners are not payable if sufficient funds are not available. Fundraising efforts by GFG are based upon Acción Andina partners' budgets, which are scrupulously analyzed and refined by GFG and ECOAN staff. While some advance commitments have been received when the written agreements are made with ECOAN, diligent efforts by GFG are required to raise the necessary funds after the agreements are signed in order to make timely payments.

**Global Forest Generation**  
**Notes to Financial Statements**  
for the years ended June 30, 2023 and June 30, 2022

**8. Contributions of Nonfinancial Assets**

During the years ended June 30, 2023 and 2022, GFG received many hours of service from dedicated volunteers, but those services did not meet the standards for inclusion in the financial statements, as described in Note 2.

During the year ended June 30, 2022, GFG received a donation of the use for lodging for purposes of program-related travel, which is included in these financial statements at the fair market value at the date of the donation. During the year ended June 30, 2023, GFG received an in-kind donation of legal services.

Details on the in-kind contribution for the years ended June 30, 2023 and 2022 are as follows:

	Revenue Recognized <u>2022</u>	Revenue Recognized <u>2023</u>	Utilization/ <u>Monetization</u>	Donor <u>Restrictions</u>
Lodging	\$1,024		used by GFG	none
Legal Services		\$4,230	used by GFG	none

**9. Investments**

Global Forest Generation maintains an investment account, and the investments in the account were comprised as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Money Market	\$ 1,189,307	\$ 128,268
Equity Mutual Funds	0	234,976
Fixed Income Mutual Funds	<u>0</u>	<u>179,583</u>
Total Investment Account	<u>\$ 1,189,307</u>	<u>\$ 542,827</u>

The money market portion of the investment portfolio is reported in the Cash and Cash Equivalents section of the Statement of Financial Position in these financial statements.

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**10. Property and Equipment**

Global Forest Generation's property and equipment consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Computers, phone	\$ 5,394	\$ 5,889
Accumulated Depreciation	<u>(1,931)</u>	<u>( 381)</u>
Property and Equipment, net value	<u>\$ 3,463</u>	<u>\$ 5,508</u>

**11. Credit Risk**

Global Forest Generation maintains a cash deposit account with a bank insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. The cash balance held in the bank exceeded the insurable level frequently during the years that ended June 30, 2023 and 2022. The bank balance as of June 30, 2023 exceeded the FDIC limit by \$237,310, and the balance on June 30, 2022 was within the FDIC insured limit.

GFG keeps some funds in an investment account with a brokerage firm, and these balances are insured for a total of \$500,000 (with a limit of \$250,000 for the cash portion of investment accounts) by the Securities Investor Protection Corporation (SIPC). These funds are invested in a money market, and at times a portion of the funds are invested in mutual funds. The funds in the investment account which are invested in mutual funds are subject to loss of principal due to market fluctuations. The investment account balance exceeded the SIPC limit by \$939,307 on June 30, 2023, and the balance on June 30, 2022 was within the SIPC insured limit.

GFG has not experienced any credit losses on its cash to date as it relates to FDIC and SIPC insurance limits, and management believes the risk of loss to be minimal.

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**12. Related Parties**

George Fenwick, was the President of the board of directors until December 31, 2021, and is married to Rita Fenwick, who was in the role of Chief Executive Officer until December 31, 2021. Both stepped away from their long-time roles at the same time. Rita Fenwick worked initially as a volunteer, but began drawing a modest salary in March 2021, which ended upon her departure. The roles were filled with new people, and there are currently no related parties.

**13. Rent**

Global Forest Generation works on a virtual basis and has no physical office and pays no rent.

**14. Subsequent Events**

Subsequent events have been evaluated through September 7, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.