

**Global Heritage Fund**  
**Consolidated Statements of Financial Position**

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|  | December 31,        |                     |
|--|---------------------|---------------------|
|  | 2014                | 2013                |
| <b>ASSETS</b>                              |                     |                     |
| Current Assets                             |                     |                     |
| Cash and cash equivalents                  | \$ 700,030          | \$ 453,339          |
| Pledges receivable                         | 1,099,906           | 780,451             |
| Other current assets                       | 7,947               | 5,772               |
| Total current assets                       | <u>1,807,883</u>    | <u>1,239,562</u>    |
| Pledges Receivable, net of current portion | 540,000             | 583,000             |
| Property and Equipment, net                | 1,873               | 5,285               |
| Total assets                               | <u>\$ 2,349,756</u> | <u>\$ 1,827,847</u> |
| <b>LIABILITIES AND NET ASSETS</b>          |                     |                     |
| Current Liabilities                        |                     |                     |
| Accounts payable and accrued expenses      | \$ 57,020           | \$ 85,074           |
| Total current liabilities                  | <u>57,020</u>       | <u>85,074</u>       |
| Commitments (Note 7)                       |                     |                     |
| Net Assets                                 |                     |                     |
| Unrestricted                               | 69,351              | 359,366             |
| Temporarily restricted                     | 2,223,385           | 1,383,407           |
| Total net assets                           | <u>2,292,736</u>    | <u>1,742,773</u>    |
| Total liabilities and net assets           | <u>\$ 2,349,756</u> | <u>\$ 1,827,847</u> |

See Notes to Consolidated Financial Statements

**Global Heritage Fund**  
**Consolidated Statements of Activities and Change in Net Assets**  
**Years Ended December 31, 2014 and 2013**

|                                       | 2014         |                        |              | 2013         |                        |              |
|---------------------------------------|--------------|------------------------|--------------|--------------|------------------------|--------------|
|                                       | Unrestricted | Temporarily Restricted | Total        | Unrestricted | Temporarily Restricted | Total        |
| Public Support and Revenue            |              |                        |              |              |                        |              |
| Contributions                         | \$ 899,908   | \$ 2,231,477           | \$ 3,131,385 | \$ 2,049,841 | \$ 1,068,442           | \$ 3,118,283 |
| Net assets released from restrictions | 1,391,499    | (1,391,499)            | -            | 875,816      | (875,816)              | -            |
| Total public support and revenue      | 2,291,407    | 839,978                | 3,131,385    | 2,925,657    | 192,626                | 3,118,283    |
| Expenses                              |              |                        |              |              |                        |              |
| Program services                      | 1,719,383    | -                      | 1,719,383    | 1,595,805    | -                      | 1,595,805    |
| Fundraising                           | 669,462      | -                      | 669,462      | 821,836      | -                      | 821,836      |
| Management and general                | 192,577      | -                      | 192,577      | 156,886      | -                      | 156,886      |
| Total expenses                        | 2,581,422    | -                      | 2,581,422    | 2,574,527    | -                      | 2,574,527    |
| Change in Net Assets                  | (290,015)    | 839,978                | 549,963      | 351,130      | 192,626                | 543,756      |
| Net Assets, beginning of year         | 359,366      | 1,383,407              | 1,742,773    | 8,236        | 1,190,781              | 1,199,017    |
| Net Assets, end of year               | \$ 69,351    | \$ 2,223,385           | \$ 2,292,736 | \$ 359,366   | \$ 1,383,407           | \$ 1,742,773 |

See Notes to Consolidated Financial Statements

**Global Heritage Fund**  
**Statements of Cash Flows**

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|   | Years Ended December, 31 |                          |
|---|--------------------------|--------------------------|
|   | 2014                     | 2013                     |
|   | <u>          </u>        | <u>          </u>        |
| Cash Flows from Operating Activities  |                          |                          |
| Change in net assets  | \$ 549,963               | \$ 543,756               |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: |                          |                          |
| Depreciation  | 3,412                    | 4,683                    |
| Changes in operating assets and liabilities:  |                          |                          |
| Pledges receivables   | (276,455)                | (566,776)                |
| Other current assets  | (2,175)                  | 6,427                    |
| Accounts payable and accrued expenses   | <u>(28,054)</u>          | <u>(24,730)</u>          |
| Net cash provided by (used in) operating activities   | 246,691                  | (36,640)                 |
| Cash and Cash Equivalents, beginning of year  | <u>453,339</u>           | <u>489,979</u>           |
| Cash and Cash Equivalents, end of year  | <u><u>\$ 700,030</u></u> | <u><u>\$ 453,339</u></u> |

See Notes to Consolidated Financial Statements

## Global Heritage Fund

### Notes to the Consolidated Financial Statements

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#### 1. Nature of Activities

Global Heritage Fund (the Organization) is a nonprofit public benefit organization with the mission to protect, preserve and sustain the most significant and endangered cultural heritage sites in the developing world. The Organization is based in Palo Alto, California and raises money throughout the United States for conservation projects in developing countries. The Organization works with other nonprofit organizations in many countries to fund cultural heritage conservation projects.

The Organization's timely investments, global network of experts and advanced "Preservation by Design" methodology work together to create a "Cycle of Success" for sites that have a high potential for sustainable preservation, tourism and economic development.

#### 2. Significant Accounting Policies

##### *Principles of Consolidation:*

The consolidated financial statements include the accounts of the Organization and its subsidiary in Hong Kong, Global Heritage Fund Asia Limited (GHF Asia). GHF Asia was incorporated in May 2014 to assist with existing projects in the Asia region and for fundraising efforts.

##### *Basis of Presentation:*

The Organization prepares its consolidated financial statements on the accrual basis of accounting under accounting principles generally accepted in the United States of America.

The Organization segregates its assets and liabilities, and operations into three categories: unrestricted, temporarily restricted and permanently restricted. The Organization's net assets and changes therein are classified and reported as follows:

Unrestricted net assets consist of net assets for which there are no donor-imposed restrictions or such donor-imposed restrictions were temporary and expired during the current or previous years.

Temporarily restricted net assets consist of amounts receivable or received that are restricted for specific purposes or for subsequent periods. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

## Global Heritage Fund

### Notes to the Consolidated Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Basis of Presentation:* (continued)

Permanently restricted net assets consist of all contributions receivable or received from donors that are subject to restrictions requiring the funds to be maintained permanently for the purpose of producing support for the Organization. The Organization had no permanently restricted net assets as of December 31, 2014 or 2013.

##### *Revenue Recognition:*

The Organization recognizes contributions and unconditional promises to give (pledges) as revenue at their fair value in the period the donor makes the contribution or pledge that is, in substance, unconditional. Conditional promises to give and support are not recognized until the conditions are met. The Organization distinguishes among contributions that increase any of the three categories of net assets, with recognition being made of the expiration of donor-imposed restrictions in the period in which the restrictions expire. Contributions restricted by the donor that expire in the current year are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets.

The Organization has a publicly disclosed policy stating that for each contribution, whether received or promised, the Organization applies twenty percent of the contribution towards unrestricted operating activities.

##### *In-Kind Contributions:*

The Organization records various types of in-kind donations including professional services and tangible assets. Contributed professional services are recognized if the services received (a) create or enhance long-lived 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. Contributions of tangible assets are recognized when promised or received, whichever is earlier. In-kind contribution revenue is recorded at the fair value of the services or tangible assets received and are offset by like amounts of expenses or, in the case of tangible assets, over the period benefited. There were no in-kind contributions in 2014 or 2013.

##### *Estimates:*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

## Global Heritage Fund

### Notes to the Consolidated Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Cash Equivalents:*

The Organization considers all short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

##### *Functional Expenses:*

The costs of providing the various program and supporting services have been summarized on a functional basis in the Statements of Activities. Directly identifiable expenses are charged to the related program or service benefited. Indirect expenses are allocated to programs and services based principally on the percentage of personnel time spent in each area or management's estimate of usage.

##### *Special Events:*

The Organization receives revenue from special event fundraising trips and forums designed to enable open dialogue on historic preservation and international development. In 2013, the Organization received \$46,000 of revenue for *The 10 Year Anniversary Gala Event*, held in Palo Alto. Direct costs associated with this event were \$51,000 and a net loss of \$5,000 has been presented in the Statement of Activities as fundraising expense. There were no revenue from special events in 2014.

##### *Property and Equipment:*

The Organization capitalizes property and equipment acquisitions over \$1,000. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from five to seven years.

Donations of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donated long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

## Global Heritage Fund

### Notes to the Consolidated Financial Statements

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#### 2. Significant Accounting Policies (continued)

##### *Advertising:*

Costs associated with advertising are expensed when incurred. Advertising expense was \$41,000 in 2014 (\$12,000 in 2013).

##### *Concentration of Credit Risk and Major Donor:*

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents and pledges receivables. The Organization maintains most of its cash accounts at one commercial bank. The Federal Deposit Insurance Corporation insures deposit accounts at the bank up to \$250,000. The Organization's deposits may at times exceed the federally insured limit.

The Organization periodically evaluates the collectability of its pledges receivables. An allowance for uncollectible receivables, if needed, is provided based on management's judgment. At December 31, 2014 and 2013, management believes all amounts will be collected and no allowance for uncollectible receivables is deemed necessary.

The Organization had two major donors in 2014 representing 35% of total revenue (25% from one major donor in 2013). Major donors are defined as donors that contribute revenue greater than 10% of the Organization's annual revenue. Receivables from the two major donors totaled \$430,000 at December 31, 2014 (\$25,000 from one major donor at December 31, 2013).

##### *Income Taxes:*

The Organization has been determined to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (Code) as an organization described in Section 501(c)(3) of the Code. The Organization is also exempt from California income taxes under Section 23701 of the California Revenue and Taxation Code.

Although the Organization is recognized as tax exempt, it is still liable for tax on its unrelated business taxable income (UBTI). The Organization does not believe it has UBTI that will result in an income tax liability.

**Global Heritage Fund**  
**Notes to the Consolidated Financial Statements**

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2. Significant Accounting Policies (continued)

*Income Taxes:* (continued)

The Organization applies the provisions set forth in Financial Accounting Standards Board Accounting Standards Codification Topic 740 to account for uncertainty in income taxes. The Organization assessed all income tax positions taken where the statute of limitation remained open, generally three years from the date of filing. The Organization believes that its tax filing positions will be sustained upon tax examinations; therefore, no liability for unrecognized income tax benefits has been recorded at December 31, 2014 or 2013. The Organization does not anticipate any significant increases or decreases to unrecognized income tax benefits during the next twelve months.

3. Pledges Receivable

Pledges receivable are recorded at net realizable value using a discount rate equal to the Applicable Federal Rate to years in which the promises are received, if material. In 2014 and 2013, the present value discount was not material and, therefore, not recorded. Pledges receivable consist of the following at December 31:

|                                 | <u>2014</u>         | <u>2013</u>         |
|---------------------------------|---------------------|---------------------|
| Receivable in less the one year | \$ 1,099,906        | \$ 780,451          |
| Receivable in one to five years | <u>540,000</u>      | <u>583,000</u>      |
|                                 | <u>\$ 1,639,906</u> | <u>\$ 1,363,451</u> |

4. Property and Equipment

Property and equipment consists of the following at December 31:

|                                 | <u>2014</u>     | <u>2013</u>     |
|---------------------------------|-----------------|-----------------|
| Computer equipment and software | \$ 91,435       | \$ 91,435       |
| Office equipment                | 8,828           | 8,828           |
| Office furniture                | <u>1,100</u>    | <u>1,100</u>    |
|                                 | 101,363         | 101,363         |
| Less accumulated depreciation   | <u>(99,490)</u> | <u>(96,078)</u> |
| Property and equipment, net     | <u>\$ 1,873</u> | <u>\$ 5,285</u> |

**Global Heritage Fund**  
**Notes to the Consolidated Financial Statements**

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5. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31:

|  | <u>2014</u>         | <u>2013</u>         |
|--|---------------------|---------------------|
| Projects:                                      |                     |                     |
| Mirador Basin, Guatemala                       | \$ 667,470          | \$ 735,948          |
| Pacunam, Guatemala                             | 209,500             | 35,000              |
| Gobekli Tepe, Turkey                           | 199,181             | 158,365             |
| Myanmar, Burma                                 | 124,000             | 4,000               |
| Cyrene, Libya                                  | 73,897              | -                   |
| Amal, Syria                                    | 68,000              | -                   |
| Carpathian Villages, Romania                   | 28,555              | 14,064              |
| Dholovira Museum                               | 20,000              | 20,000              |
| Pasagardae, Iran                               | 15,644              | 15,644              |
| Lamu, Keya                                     | 8,000               | -                   |
| Aceh Heritage, Indonesia                       | 6,400               | 6,400               |
| My Son, Vietnam                                | 5,300               | 5,300               |
| Asif Khan, Pakistan                            | 4,440               | 4,440               |
| Americas, EMEA, Asia                           | 4,000               | 4,000               |
| Indus, India                                   | 998                 | 3,998               |
| Rakhigarhi, India                              | -                   | 8,475               |
| Other Projects                                 | -                   | <u>29,773</u>       |
| Total projects                                 | 1,435,385           | 1,045,407           |
| Headquarters, internal projects and resources: |                     |                     |
| Donations restricted for time                  | 780,000             | 330,000             |
| New GHF book                                   | <u>8,000</u>        | <u>8,000</u>        |
| Total temporarily restricted net assets        | <u>\$ 2,223,385</u> | <u>\$ 1,383,407</u> |

**Global Heritage Fund**  
**Notes to the Consolidated Financial Statements**

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6. Net Assets Released From Restriction

Net assets were released from restriction for the following purposes for the year ended December 31:

|   | <u>2014</u>         | <u>2013</u>       |
|---|---------------------|-------------------|
| Projects:   |                     |                   |
| Mirador Basin, Guatemala  | \$ 342,937          | \$ 184,070        |
| Ciudad Perdida, Colombia  | 198,312             | 113,500           |
| Banteay Chhmar, Cambodia  | 166,740             | 40,000            |
| Gobekli Tepe, Turkey  | 119,184             | 141,922           |
| Chavin de Huantar, Peru   | 84,000              | 148,760           |
| Guizhou, China  | 79,400              | -                 |
| Pacunam, Guatemala  | 55,500              | 35,000            |
| Carpathian Villages, Romania                                      | 25,509              | 545               |
| Rakhigarhi, India   | 11,994              | 1,925             |
| Cyrene, Libya   | 6,103               | -                 |
| Indus, India  | 3,000               | -                 |
| Foguang Temple, China   | -                   | 45,494            |
| Pachacamae, Peru  | -                   | 13,600            |
| Myanmar, Burma  | -                   | 6,000             |
| Other Projects  | <u>117,668</u>      | <u>-</u>          |
| Total projects  | 1,210,347           | 730,816           |
| Headquarters, internal projects and resources:                    |                     |                   |
| Donations restricted for time                                     | 100,000             | 145,000           |
| Global Heritage Fund U.K.   | <u>81,152</u>       | <u>-</u>          |
| Total temporarily restricted net assets released from restriction | <u>\$ 1,391,499</u> | <u>\$ 875,816</u> |

**Global Heritage Fund**  
**Notes to the Consolidated Financial Statements**

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7. Commitments

*Facility Lease:*

The Organization's previous office facility was leased under a non-cancelable operating lease, which expired in July 2014. In May 2014, the Company entered into a non-cancelable operating lease agreement in a different office with the same landlord under similar terms, which expires in July 2019. In 2014, rent expense was \$100,000 (\$110,000 in 2013). Future annual minimum lease payments under the lease are as follow for the years ending December 31:

|      |    |                |
|------|----|----------------|
| 2015 | \$ | 62,000         |
| 2016 |    | 64,000         |
| 2017 |    | 66,000         |
| 2018 |    | 68,000         |
| 2019 |    | <u>40,000</u>  |
|      | \$ | <u>300,000</u> |

The Organization had a sublease agreement on a month-to-month basis through December 2014. Sublease income of \$18,000 was recorded as a reduction of rent expense in 2014 (\$30,000 in 2013). The sublease agreement was not renewed upon the Organization relocating to different facilities in July 2014.

8. Related Party Transactions

Contributions received from members of the Board of Directors (the Board) or from entities with which the Board members are affiliated in 2014 were approximately \$1,410,000 (\$1,560,000 in 2013). Those revenues comprise 45% of total revenue in 2014 (50% in 2013).

Amounts due from Board members or from entities with which the Board members are affiliated were approximately \$685,000 as of December 31, 2014 (\$425,000 as of December 31, 2013).

**Global Heritage Fund**  
**Notes to the Consolidated Financial Statements**

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8. Related Party Transactions (continued)

From time to time, the Organization will partner with charitable organizations in other countries that have similar missions to the Organization's mission. While the Organization does not control any of the foreign organizations, there is one organization, Global Heritage Fund U.K., which has one Board Member who is also on the Organization's Board of Directors. In 2014, the Organization paid contractors to perform start-up activities for Global Heritage Fund U. K. of approximately \$60,000 (\$94,000 in 2013).

9. Subsequent Events

Subsequent events have been evaluated through the date of the accompanying independent auditors' report, which is the date the financial statements were available to be issued and it was determined that no other material subsequent events required an estimate to be recorded or disclosed as of December 31, 2014.