

GLOBAL HERITAGE FUND

MARCH 31, 2021



INDEPENDENT AUDITORS' REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

Global Heritage Fund

Independent Auditors' Report and Consolidated Financial Statements

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BOARD OF DIRECTORS
GLOBAL HERITAGE FUND
San Francisco, California

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **GLOBAL HERITAGE FUND** which comprise the consolidated statement of financial position as of March 31, 2021, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Heritage Fund as of March 31, 2021, and the consolidated changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hood & Strong LLP

San Francisco, California
September 30, 2021

Global Heritage Fund

Consolidated Statement of Financial Position

March 31, 2021

Assets

Current Assets:

Cash and cash equivalents	\$	351,503
Pledges receivable		129,284
Other current assets		12,073

Total current assets		492,860
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Pledges Receivable , net of current portion		50,000
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Other Assets		9,326
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Total assets	\$	552,186
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Liabilities and Net Assets

Current Liabilities:

Accounts payable and other current liabilities	\$	76,761
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Paycheck Protection Program Loan		77,410
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Total liabilities		154,171
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Net Assets:

Without donor restrictions		173,420
With donor restrictions		224,595

Total net assets		398,015
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Total liabilities and net assets	\$	552,186
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See accompanying notes to the consolidated financial statements.

Global Heritage Fund

Consolidated Statement of Activities and Changes in Net Assets

Year ended March 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Contributions	\$ 576,230	\$ 226,880	\$ 803,110
In-kind revenue	50,851		50,851
Paycheck Protection Program loan forgiveness	51,912		51,912
Other revenue	6,463		6,463
Net assets released from restrictions	365,113	(365,113)	
Total revenue and support	1,050,569	(138,233)	912,336
Expenses:			
Program services	446,563		446,563
Management and general	416,239		416,239
Fundraising	272,881		272,881
Total expenses	1,135,683		1,135,683
Change in Net Assets	(85,114)	(138,233)	(223,347)
Net Assets - Beginning of year	258,534	362,828	621,362
Net Assets - End of year	\$ 173,420	\$ 224,595	\$ 398,015

See accompanying notes to the consolidated financial statements.

Global Heritage Fund

Consolidated Statement of Functional Expenses

Year ended March 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 133,683	\$ 74,106	\$ 158,209	\$ 365,998
Payroll taxes and benefits	19,097	8,157	26,314	53,568
Total salaries, payroll taxes and benefits	152,780	82,263	184,523	419,566
Direct project costs	178,245			178,245
Professional fees	90,431	184,436	37,995	312,862
Travel and meetings	294	1,463	992	2,749
Occupancy	14,732	8,309	23,453	46,494
Postage, printing, and copying	203	237	1,827	2,267
Banking fees		4,212	2,368	6,580
Computer equipment and software	4,741	6,081	16,517	27,339
Office and miscellaneous	2,209	2,032	1,055	5,296
Insurance	1,226	4,798	2,101	8,125
Uncollectable pledges		120,739		120,739
Other	1,702	1,669	2,050	5,421
Total expenses	\$ 446,563	\$ 416,239	\$ 272,881	\$ 1,135,683

See accompanying notes to the consolidated financial statements.

Global Heritage Fund

Consolidated Statement of Cash Flows

Year ended March 31, 2021

Cash Flows from Operating Activities:

Change in net assets	\$ (223,347)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	2,729
Principal forgiven on Paycheck Protection Program loan	(51,912)
Changes in operating assets and liabilities:	
Pledges receivable	122,744
Other assets	5,352
Accounts payable and other current liabilities	(27,790)

Net cash used by operating activities	(172,224)
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Cash Flows from Financing Activities:

Proceeds from Paycheck Protection Program loans	129,322
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Net cash provided by investing activities	129,322
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Net Change in Cash and Cash Equivalents	(42,902)
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Cash and Cash Equivalents - Beginning of year	394,405
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Cash and Cash Equivalents - End of year	\$ 351,503
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Supplemental Information

Forgiveness of Paycheck Protection Program loan	\$ 51,912
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See accompanying notes to the consolidated financial statements.

Global Heritage Fund

Notes to Consolidated Financial Statements

Note 1 - Organization:

Global Heritage Fund (GHF) is a nonprofit public benefit organization with the mission to empower communities through heritage preservation; sustainably preserve, protect and promote irreplaceable heritage sites around the world; and deepen their impact in the global community. GHF's headquarters are in San Francisco, California with offices of its subsidiaries in Hong Kong and London. Since its founding in 2002, GHF has been successful at preserving almost 30 sites in over 20 countries. GHF partners with civil society, nonprofit organizations, businesses and governments on heritage preservation and community development projects around the world. GHF's success is measured by both its preservation and socio-economic development impacts.

Note 2 - Summary of Significant Accounting Policies:

a. Principles of Consolidation

The consolidated financial statements include the accounts of GHF and its subsidiaries in Hong Kong, Global Heritage Fund Asia Limited (GHF Asia), and London, Global Heritage Fund U.K. (GHF UK). GHF Asia was incorporated in May 2014 to assist with existing projects in the Asia region and for fundraising efforts. On September 26, 2018, GHF UK completed its effort to become a charity that is dually qualified to receive contributions eligible for deductions in both the United States and the United Kingdom.

GHF has approximately \$67,000 in assets in its foreign subsidiaries. All intercompany transactions are eliminated in the consolidation.

b. Basis of Presentation

GHF reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of GHF. These net assets may be used at the discretion of GHF's management and its Board of Directors.

Net Assets With Donor Restrictions – Net assets that are subject to stipulations imposed by donors and grantors. When a donor restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Global Heritage Fund

Notes to Consolidated Financial Statements

c. Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

d. Revenue Recognition

GHF 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. Donor-restricted contributions are reported as increases in net assets with donor restrictions. Conditional promises to give and support are not recognized until the conditions are met. Contributions restricted by the donor that expire in the year received are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions.

GHF has a publicly disclosed policy stating that for each contribution, whether received or promised, GHF applies twenty percent of the contribution to its net assets without donor restrictions.

e. Cash Equivalents

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

f. Pledges Receivable

Pledges receivable that are expected to be collected after one year are recorded at net realizable value, if the discount is determined to be material. Management uses the allowance method when estimating uncollectible pledges.

g. Property and Equipment

GHF capitalizes property and equipment acquisitions over \$1,000. Purchased property and equipment are recorded at cost and consists primarily of computer equipment and office furniture. 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. Property and equipment is included in other assets on the statement of financial position.

Global Heritage Fund

Notes to Consolidated Financial Statements

h. Functional Expenses

The cost of providing the various program and supporting services are reported on a functional basis. Directly identifiable expenses are charged to the related program or service benefited. Expenses that benefit both program and supporting services are allocated as follows:

- Personnel expenses are allocated by each position's classification after considering the functional roles and time spent in those roles.
- Expenses that benefit multiple functions, such as the cost and management of facilities and information technology, are pooled and allocated on the basis of direct personnel expenses.

i. Concentration of Credit Risk and Major Donor

Financial instruments that potentially subject GHF to concentrations of credit risk consist primarily of cash and cash equivalents and pledges receivables. GHF maintains most of its U.S.-based cash accounts at one commercial bank. GHF's deposits may at times exceed the federally insured limit.

GHF periodically evaluates the collectability of its pledges receivables. An allowance for uncollectible receivables, if needed, is provided based on management's judgment. As of March 31, 2021, management believes all amounts will be collected and no allowance for uncollectible receivables is deemed necessary.

GHF had two major donors for the year ended March 31, 2021 representing 31% of total revenue. Major donors are defined as donors whose contributions are greater than 10% of GHF's revenue for that year.

j. Income Taxes

The GHF entity in the United States is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, GHF has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The GHF entities in London and Hong Kong also operate under applicable tax exemptions in those jurisdictions.

Management has concluded that GHF has taken no uncertain tax positions that would require adjustments to the consolidated financial statements.

k. Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Global Heritage Fund

Notes to Consolidated Financial Statements

Note 3 - Liquid Assets:

GHF's financial assets as of March 31, 2021 that are available to meet general expenditures over the next twelve months are as follows:

Financial assets:

Cash and cash equivalents	\$ 351,503
Pledges receivable, current portion	129,284

Subtotal	480,787
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Less amounts not available to be used for general expenditure:

Net assets with donor restrictions, excluding those with time restrictions that are expected to expire in the next twelve months	53,311
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Financial assets available to meet general expenditures over the next twelve months	\$ 427,476
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GHF's cash flows fluctuate during the year due to the timing of its contributions and pledges received as well as the expenditure of funds relating to major expenses, such as direct project costs. Of the cash balances as of March 31, 2021, \$225,000 was reserved by the Board of Directors and is included in net assets without donor restrictions for general operating needs with the purpose of establishing a fund that would ultimately maintain a balance of up to three months of GHF's average annual operating expenditures.

GHF continues to work through the challenges caused to its operations by COVID-19 by reducing operating costs, diversifying revenue, and continuing to strengthen its financial management.

Note 4 - Pledges Receivable:

Pledges receivable consisted of the following as of March 31, 2021:

Receivable in less than one year	\$ 129,824
Receivable in one to five years	50,000

Total	\$ 179,824
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Global Heritage Fund

Notes to Consolidated Financial Statements

Note 5 - Paycheck Protection Program Loans:

In May 2020 GHF received a loan from Wells Fargo Bank in the amount of \$51,912 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES Act). The principal and interest, accrued at 1% per annum, were forgiven in March 2021.

GHF received a second loan from Transportation Alliance Bank (TAB) in the amount of \$77,410 under the Paycheck Protection Program. The loan is subject to a note dated February 24, 2021. In September 2021, GHF received notification from TAB that the terms for forgiveness had been satisfied and the loan principle and all outstanding interest had been forgiven. GHF will recognize the forgiveness during the year ending March 31, 2022.

Note 6 - Net Assets with Donor Restrictions:

Net assets with donor restrictions were available for the following purposes as of March 31, 2021:

Projects:

Training to Implementation Program	\$ 24,000
Global Solidarity Fund	18,539
China Heritage Program	8,000
Zanzibar, Tanzania	2,772
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Total projects	53,311
Headquarters, internal projects and resources:	
Donations restricted for time	171,284
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Total net assets with donor restrictions	\$ 224,595

Global Heritage Fund

Notes to Consolidated Financial Statements

Net assets were released from restriction for the following purpose for the year ended March 31, 2021:

Projects:

Sagalassos, Turkey	\$ 70,491
Conservation Training Program, Greece	42,493
Ciudad Perdida, Columbia	41,679
Zanzibar, Tanzania	13,228
Global Solidarity Fund	9,269
China Heritage Program	8,000

Total projects	185,160
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Headquarters, internal projects and resources:

Donations restricted for time	179,953
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Total net assets with donor restrictions released
from restriction

\$ 365,113

Note 7 - Operating Lease Commitments:

In November 2015, GHF entered into a noncancelable operating lease agreement for office space in San Francisco, California. The lease expired in December 2018 but, in April 2019, the lease was extended through March 2022. The lease was again amended in July 2020 to extend through March 2023.

Expected future annual minimum lease payments under the San Francisco lease were as follows as of March 31, 2021:

Year Ending March 31,	
2022	\$ 26,000
2023	27,000
Total	\$ 53,000

Rent expense was approximately \$38,000 for the year ended March 31, 2021 for its San Francisco location.

Global Heritage Fund

Notes to Consolidated Financial Statements

Note 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 for the year ended March 31, 2021 were approximately \$497,000. Those revenues comprise 54% of total revenue for the year ended March 31, 2021.

Pledges receivable due from Board members or from entities with which the Board members are affiliated were approximately \$179,000 as of March 31, 2021.

Note 9 - Subsequent Events:

GHF evaluated subsequent events from March 31, 2021 through September 30, 2021, the date these consolidated financial statements were available to be issued. Except as mentioned in Note 5, there were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

Note 10 - Impact of Pandemic:

On March 11, 2020, the World Health Organization publicly characterized COVID-19 as a pandemic. States of emergency have been declared in many jurisdictions and shelter in place orders have been instituted in locations worldwide, which impacts general business operations in most industries and sectors. While all of GHF's projects have been impacted by COVID-19, each had some level of activity despite the pandemic. This includes our projects in Morocco, Turkey, Colombia, China, and AMAL in Heritage. Due to the remoteness of the areas where we work, COVID-19 infections did not affect the communities where we work, enabling us to continue providing support and completing work. Setting up remote communication tools has also helped us to effectively manage projects remotely. The ability to fully resume projects depends on the ability to work in each region. GHF is closely monitoring this situation which remains quite dynamic at the issuance date of these financial statements.