

**GLOBAL HERITAGE FUND**

**MARCH 31, 2022**

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INDEPENDENT AUDITORS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS

# **Global Heritage Fund**

## **Independent Auditors' Report and Consolidated Financial Statements**

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September 12, 2022

BOARD OF DIRECTORS  
GLOBAL HERITAGE FUND  
San Francisco, California

### **Opinion**

We have audited the consolidated financial statements of the **GLOBAL HERITAGE FUND (GHF)** which comprise the consolidated statement of financial position as of March 31, 2022, 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 (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GHF as of March 31, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GHF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 GHF's ability to continue as a going concern for one year from the date of this report.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our 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 auditors' report that includes our 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

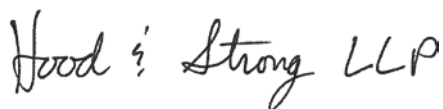
In performing an audit in accordance with GAAS, we:

- 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 GHF'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GHF's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited GHF's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



San Francisco, California  
September 12, 2022

# Global Heritage Fund

## Consolidated Statement of Financial Position

<i>March 31,</i>	2022	2021
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 378,541	\$ 351,503
Pledges receivable, current portion	228,261	129,284
Other current assets	53,663	12,073
Total current assets	660,465	492,860
<b>Pledges Receivable, net of current portion</b>	183,336	50,000
<b>Other Assets</b>	9,905	9,326
Total assets	\$ 853,706	\$ 552,186
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and other current liabilities	\$ 195,244	\$ 76,761
<b>Deferred Revenue</b>	30,916	77,410
Total liabilities	226,160	154,171
<b>Net Assets:</b>		
Without donor restrictions	99,311	173,420
With donor restrictions	528,235	224,595
Total net assets	627,546	398,015
Total liabilities and net assets	\$ 853,706	\$ 552,186

See accompanying notes to the consolidated financial statements.

# Global Heritage Fund

## Consolidated Statement of Activities and Changes in Net Assets

Year ended March 31,

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenue and Support:</b>				
Contributions	\$ 576,560	\$ 587,334	\$ 1,163,894	\$ 803,110
In-kind revenue	346		346	50,851
Paycheck Protection Program loan forgiveness	77,410		77,410	51,912
Other revenue	266,055		266,055	6,463
Net assets released from restrictions	283,694	(283,694)	-	-
<b>Total revenue and support</b>	<b>1,204,065</b>	<b>303,640</b>	<b>1,507,705</b>	<b>912,336</b>
<b>Expenses:</b>				
Program services	888,437		888,437	446,563
Management and general	213,542		213,542	416,239
Fundraising	176,195		176,195	272,881
<b>Total expenses</b>	<b>1,278,174</b>	<b>-</b>	<b>1,278,174</b>	<b>1,135,683</b>
<b>Change in Net Assets</b>	<b>(74,109)</b>	<b>303,640</b>	<b>229,531</b>	<b>(223,347)</b>
<b>Net Assets - beginning of year</b>	<b>173,420</b>	<b>224,595</b>	<b>398,015</b>	<b>621,362</b>
<b>Net Assets - end of year</b>	<b>\$ 99,311</b>	<b>\$ 528,235</b>	<b>\$ 627,546</b>	<b>\$ 398,015</b>

See accompanying notes to the consolidated financial statements.

# Global Heritage Fund

## Consolidated Statement of Functional Expenses

*Year ended March 31,*

	2022				2021
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 192,349	\$ 49,130	\$ 100,973	\$ 342,452	\$ 365,998
Payroll taxes and benefits	31,573	7,188	16,758	55,519	53,568
Total salaries, payroll taxes and benefits	223,922	56,318	117,731	397,971	419,566
Direct project costs	333,799			333,799	178,245
Educational travel program	212,441			212,441	-
Professional fees	49,370	126,108	16,560	192,038	312,862
Travel and meetings	25,670	6,902	7,506	40,078	2,749
Occupancy	20,139	4,212	9,170	33,521	46,494
Postage, printing, and copying	1,818	131	875	2,824	2,267
Banking fees	5	4,644	2,215	6,864	6,580
Computer equipment and software	9,385	6,642	16,978	33,005	27,339
Office and miscellaneous	1,766	2,469	412	4,647	5,296
Insurance	3,299	4,743	1,480	9,522	8,125
Uncollectable pledges				-	120,739
Other	6,823	1,373	3,268	11,464	5,421
Total expenses	\$ 888,437	\$ 213,542	\$ 176,195	\$ 1,278,174	\$ 1,135,683

See accompanying notes to the consolidated financial statements.

# Global Heritage Fund

## Consolidated Statement of Cash Flows

<i>Year ended March 31,</i>	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 229,531	\$ (223,347)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	2,061	2,729
Principal forgiven on Paycheck Protection Program loan	(77,410)	(51,912)
Changes in operating assets and liabilities:		
Pledges receivable	(232,313)	122,744
Other assets	(44,230)	5,352
Accounts payable and other current liabilities	118,483	(27,790)
Deferred revenue	30,916	
Net cash used by operating activities	27,038	(172,224)
<b>Net Change in Cash and Cash Equivalents</b>	27,038	(42,902)
<b>Cash and Cash Equivalents - beginning of year</b>	351,503	394,405
<b>Cash and Cash Equivalents - end of year</b>	\$ 378,541	\$ 351,503
<b>Supplemental Information</b>		
Forgiveness of Paycheck Protection Program loan	\$ 77,410	\$ 51,912

See accompanying notes to the consolidated financial statements.



# Global Heritage Fund

## Notes to Consolidated Financial Statements

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### 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 \$104,000 in assets in its foreign subsidiaries. All intercompany transactions are eliminated in 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

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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 related 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 20% 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.

GHF periodically evaluates the collectability of its pledges receivable. An allowance for uncollectible receivables, if needed, is provided based on management's judgment. As of March 31, 2022, management believes all amounts will be collected and no allowance for uncollectible receivables is deemed necessary.

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, which range 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

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### 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 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 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 receivable. 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 had two major donors for the year ended March 31, 2022, representing 32% 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, 2022 available to meet general expenditures over the next twelve months are as follows:

Financial assets:

Cash and cash equivalents	\$ 378,541
Pledges receivable, current portion	228,261
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Subtotal	606,802

Less amounts not available for general expenditure in the next twelve months:

Net assets with donor restrictions, excluding those with time restrictions that are expected to expire in the next twelve months	129,469
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Financial assets available to meet general expenditures over the next twelve months	\$ 477,333
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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, 2022, \$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, 2022:

Receivable in less than one year	\$ 228,261
Receivable in one to five years	183,336
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Total	\$ 411,597

# Global Heritage Fund

## Notes to Consolidated Financial Statements

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### Note 5 - Paycheck Protection Program Loans:

GHF received a 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. The principal and interest, accrued at 1% per annum, were recognized as forgiven in the year ended 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, 2022:

Projects:

Capacity-building	\$ 47,000
Ukraine Under Fire Project	82,469

Total projects	129,469
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Headquarters, internal projects and resources:

Donations restricted for time	398,767
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Total net assets with donor restrictions	\$ 528,236
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# Global Heritage Fund

## Notes to Consolidated Financial Statements

Net assets were released from restriction for the following purpose for the year ended March 31, 2022:

Projects:

Ciudad Perdida, Columbia	\$ 31,608
China	8,021
Granaries, Morocco	29,600
Beirut	18,538
California Small Business COVID-19 Relief Grant Program	25,000
Tipaza, Algeria	17,245
Ukraine	12,931
Other projects	8,632

Total releases for projects	151,575
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Headquarters, internal projects and resources:

Donations restricted for time	132,119
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Total net assets with donor restrictions released  
from restriction

\$ 283,694

### 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 has been extended twice to the current expiration at the end of March 2023.

Expected future annual minimum lease payments under the San Francisco lease were as follows:

Year Ending March 31, 2023	\$ 27,000
Total	\$ 27,000

Rent expense was approximately \$26,000 for the year ended March 31, 2022, for its San Francisco location.

# Global Heritage Fund

## Notes to Consolidated Financial Statements

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### **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, were approximately \$717,000 during the year ended March 31, 2022. Those revenues comprise 48% of total revenue for the year ended March 31, 2022.

Pledges receivable due from Board members or from entities with which the Board members are affiliated totaled approximately \$189,000 as of March 31, 2022.

### **Note 9 - Subsequent Events:**

GHF evaluated subsequent events from March 31, 2022, through September 12, 2022, the date these consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.