

**Audited Consolidated  
Financial Statements**

**Global Green USA  
and Subsidiaries**

**December 31, 2010**

GLOBAL GREEN USA AND SUBSIDIARIES  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
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December 31, 2010

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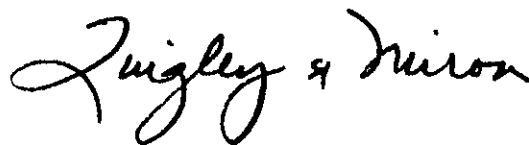
## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Global Green USA and Subsidiaries  
Santa Monica, California

We have audited the accompanying consolidated statement of financial position of Global Green USA, a nonprofit organization, and subsidiaries as of December 31, 2010, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of Global Green USA's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Global Green USA and subsidiaries as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Santa Monica, California  
October 17, 2011

GLOBAL GREEN USA AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
December 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	829,421
Receivables		
Contributions		440,663
Grants		343,931
Other		11,598
Prepaid expenses		<u>22,768</u>
		TOTAL CURRENT ASSETS
		<u>1,648,381</u>

PROPERTY AND EQUIPMENT, NET 3,580,368

DEPOSITS 17,789

TOTAL ASSETS \$ 5,246,538

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	384,936
Accrued payroll		75,377
Accrued compensated absences		46,297
Line of credit		70,833
Deposits held		<u>2,807</u>
		TOTAL CURRENT LIABILITIES
		<u>580,250</u>

COMMITMENTS

NET ASSETS

Unrestricted		(70,095)
Temporarily restricted		<u>4,736,383</u>
		TOTAL NET ASSETS
		<u>4,666,288</u>

TOTAL LIABILITIES AND NET ASSETS \$ 5,246,538

See notes to financial statements.

GLOBAL GREEN USA AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions and grants			
Individuals	\$ 216,947	\$	\$ 216,947
Foundations and corporations	586,844	2,469,785	3,056,629
Government	170,154		170,154
Special events, net	939,746		939,746
Other income	201,373		201,373
Net assets released from restrictions	<u>1,898,513</u>	<u>(1,898,513)</u>	
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>4,013,577</b>	<b>571,272</b>	<b>4,584,849</b>
<b>EXPENSES</b>			
Program services			
Environmental Security & Sustainability	493,819		493,819
Green Urbanism Program (GUP)	487,954		487,954
The Gulf Coast and Green Rebuilding in New Orleans	1,194,952		1,194,952
Water	288,868		288,868
Climate Change Initiatives and Policy	250,134		250,134
Communications and Education	478,980		478,980
The Coalition for Resource Recovery (CoRR)	260,332		260,332
<b>TOTAL PROGRAM SERVICES</b>	<u>3,455,039</u>		<u>3,455,039</u>
Supporting services			
Management and general	208,905		208,905
Fundraising	329,843		329,843
<b>TOTAL SUPPORTING SERVICES</b>	<u>538,748</u>		<u>538,748</u>
<b>TOTAL EXPENSES</b>	<u>3,993,787</u>		<u>3,993,787</u>
<b>CHANGE IN NET ASSETS</b>	<b>19,790</b>	<b>571,272</b>	<b>591,062</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>(89,885)</u>	<u>4,165,111</u>	<u>4,075,226</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ (70,095)</u>	<u>\$ 4,736,383</u>	<u>\$ 4,666,288</u>

See notes to financial statements.

GLOBAL GREEN USA AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2010

	Program Services					Supporting Services			
	The Gulf Coast and Green Rebuilding in New Orleans (GURP)	Climate Change Initiatives and Policy	Communications and Education	The Coalition for Resource Recovery (CoRR)	Total Program Services	Management and General	Fund-raising	Total Supporting Services	Total
Salaries and wages	\$ 174,429	\$ 271,283	\$ 181,059	\$ 148,483	\$1,388,369	\$ 98,728	\$ 131,682	\$ 230,410	\$1,618,779
Employee benefits	12,333	31,256	41,568	10,837	178,201	3,949	21,251	25,200	203,401
Payroll taxes	14,154	21,401	14,469	11,140	110,000	8,850	10,136	18,986	198,986
<b>TOTAL PERSONNEL RELATED</b>	<b>200,916</b>	<b>323,940</b>	<b>237,096</b>	<b>170,460</b>	<b>1,676,570</b>	<b>111,527</b>	<b>163,069</b>	<b>274,596</b>	<b>1,951,166</b>
Adjustment of properties available for sale to net realizable value					400,000				400,000
Professional fees	24,141	43,272	77,920	6,932	332,865	2,026	86,554	88,580	421,445
Occupancy	61,103	36,183	26,140	24,830	283,703	22,961	18,916	41,877	325,580
Regranting	165,000	21,250			211,500				211,500
Travel	20,960	26,165	2,937	10,480	129,152	18,444	7,075	25,519	154,671
Supplies	3,155	2,029	65,610	1,994	89,361	933	1,244	2,177	91,538
Printing and publications	670	3,775	47,189	5,954	67,542	1,711	2,083	3,794	71,336
Special program events	277		440		47,824		18,836	18,836	66,660
Telephone	6,001	5,887	440	28,050	46,249	11,119	2,222	13,341	59,590
Insurance	3,120	3,316	3,038	1,766	38,413	767	2,114	2,881	41,294
Dues and subscriptions	2,863	4,973	1,785	35	13,397	17,098	6,883	23,981	37,378
Depreciation	1,454	1,545	1,416	823	40,060	359	985	1,344	41,404
Miscellaneous	951	1,009	1,224	537	11,218	6,841	5,049	11,890	23,108
Bank fees	114		1,031		5,892	2,784	13,456	16,240	22,132
Equipment rental and maintenance	1,264	3,809		1,502	17,041	2,761	229	2,990	20,031
Website services	1,441	7,500	3,292	487	12,720				12,720
Community relations				540	12,119				12,119
Staff development		425			8,423	1,733	18	1,751	10,174
Postage and shipping	66	21	5,070	341	6,731	2,631	115	2,746	9,477
Conferences and meetings	323	2,855			4,259		995	995	5,254
Interest expense						5,210		5,210	5,210
<b>TOTAL NON-PERSONNEL RELATED</b>	<b>292,903</b>	<b>164,014</b>	<b>241,884</b>	<b>89,872</b>	<b>1,778,469</b>	<b>97,378</b>	<b>166,774</b>	<b>264,152</b>	<b>2,042,621</b>
<b>TOTAL EXPENSES</b>	<b>\$ 493,819</b>	<b>\$ 487,954</b>	<b>\$ 478,980</b>	<b>\$ 260,332</b>	<b>\$3,455,039</b>	<b>\$ 208,905</b>	<b>\$ 329,843</b>	<b>\$ 538,748</b>	<b>\$3,993,787</b>

See notes to financial statements.

GLOBAL GREEN USA AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended December 31, 2010

OPERATING ACTIVITIES		
Change in net assets		\$ 591,062
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		41,404
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables		
Contributions		(212,438)
Grants		(293,931)
Other		64,511
Prepaid expenses		10,079
Deposits		5,075
Decrease in:		
Accounts payable and accrued expenses		(599,386)
Accrued payroll		(226)
Accrued compensated absences		(2,388)
Deposits held		<u>(898)</u>
	NET CASH USED IN	
	OPERATING ACTIVITIES	<u>(397,136)</u>
INVESTING ACTIVITIES		
Purchases of equipment		(8,959)
Construction in progress		(625,205)
Adjustment of properties available for sale to net realizable value		<u>400,000</u>
	NET CASH USED IN	
	INVESTING ACTIVITIES	<u>(234,164)</u>
FINANCING ACTIVITIES		
Payments on line of credit		<u>(50,000)</u>
	NET CASH USED IN	
	FINANCING ACTIVITIES	<u>(50,000)</u>
	DECREASE IN	
	CASH AND CASH EQUIVALENTS	(681,300)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>1,510,721</u>
	CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 829,421</u>
SUPPLEMENTAL DISCLOSURES		
Income tax paid		\$
Interest paid		<u>\$ 5,210</u>

See notes to financial statements.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2010

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inspired by Mikhail S. Gorbachev's mission to foster a global value shift toward a sustainable and secure future by reconnecting humanity with the environment, activist and philanthropist Diane Meyer Simon founded Global Green USA, a nonprofit corporation, in 1994 as the United States' affiliate of Green Cross International, with the commitment to create sustainable urban environments and combat global warming through a unique, cross-cutting approach that merges innovative research, technical assistance, cutting-edge community-based projects, and targeted education and outreach. Guided by a set of holistic principles that address the inadequate social conditions of communities, Global Green is tackling some of the greatest environmental challenges facing humanity.

Headquartered in Southern California, Global Green is a national organization which works jointly with its satellite offices in New Orleans, New York City and Washington, D.C. to mitigate global warming through the establishment of affordable green homes, green schools, and sustainable neighborhoods, as well as by the advancement of national and regional green building policies, environmental advocacy and education. The organization is particularly concerned with the holistic well-being of low-wealth individuals and families who have the least access to new technologies, who often must send their children to underperforming schools, and who may live in areas that are far removed from basic services and/or employment opportunities. For more than 15 years, Global Green's Leadership in Energy and Environmental Design (LEED)-accredited staff has spearheaded the application of green building technology to schools and affordable housing, while advancing groundbreaking solar, green building, and energy efficiency legislation in California and other states, as well as at the national level. Internationally, Global Green partners with its affiliates to eliminate weapons of mass destruction that threaten lives and the environment, and to provide clean and safe drinking water for the 2.4 billion people around the world who lack access to it. Through these efforts, Global Green succeeds in educating hundreds of millions of people annually, leveraging billions of dollars for environmental initiatives, implementing revolutionary environmental policies, stimulating the economy through workforce development and the creation of green jobs, and improving the overall quality of life for tens of thousands of people living in disadvantaged communities.

Global Green's major program service areas are as follows:

Environmental Security & Sustainability--The Environmental Security & Sustainability program was created to facilitate communications, progress, and timely action among stakeholders to meet the challenges of the environmental legacies of the Cold War and safely eliminate weapons of mass destruction. As part of this program, Global Green is working with local and regional communities affected by stockpiles of chemical, nuclear, and conventional weapons to improve their social and medical conditions.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

The program also promotes the issues of biosecurity, biosafety, and responsible biomedical research. Recent accomplishments include:

- Expanding the U.S. Cooperative Threat Reduction (CTR) program by \$100 million annually;
- Increasing annual U.S. commitments to chemical weapons demilitarization by \$250 million annually;
- Facilitating the environmentally-sound destruction of almost 20,000 metric tons of chemical weapons in Russia and the United States.

Green Urbanism Program (GUP)--Since 2007, GUP has used the LEED for Neighborhood Development (LEED-ND), a rating and certification system, to assist municipal officials, affordable housing developers, and philanthropic organizations in identifying opportunities to promote sustainable development outcomes at the neighborhood scale. In these assessments, Global Green staff work with key stakeholders, including community groups and neighbors, local officials and decision makers, development project managers and design professionals, to compare individual development plans with LEED-ND criteria to measure a plan's adherence to sustainable development objectives. Modifications and additions that will ultimately improve the sustainability of the project are proposed, ensuring that the project will be an exemplary articulation of smart growth principles. Recent accomplishments of the GUP program include:

- Completion of a multi-phase review of 34 new green schools, resulting from Global Green's partnership with the Los Angeles Unified School District, with the aim of helping green all of the District's new school construction;
- Completion of two LEED Platinum affordable housing developments;
- Establishment of green building programs for the City of Malibu and Mountain View;
- Development of green design and construction criteria for San Francisco Unified School District.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

The Gulf Coast and Green Rebuilding in New Orleans--Headquartered in Southern California, Global Green opened an office in New Orleans in March 2006 following the devastation left behind by Hurricane Katrina. Less than a week after the storm, Global Green's President and Chief Executive Officer, Matt Petersen, put forth his vision for the organization to help rebuild New Orleans with an emphasis on recreating a healthy social environment through using energy efficiency training and education along with expanding environmental consciousness as tools to re-establish a vibrant and economically healthy city.

In collaboration with several local strategic partners, Global Green is engaged in an innovative workforce development strategy which focuses its nationally-recognized efforts and expertise in parishes throughout New Orleans, most specifically in areas which have both a demonstrated need along with an indication of promise and sustainable development. Motivated by solid partnerships with institutions in the public, private and business sectors along with valuable community agencies and philanthropic partners, Global Green is building upon its comprehensive initiatives in New Orleans using a reinforcing model of change via education, technical assistance, and advocacy. Global Green's successes in the region along with the significant efforts of its partners have demonstrated an increased demand in New Orleans for both green jobs training and green job trainees. Recent accomplishments in New Orleans and the Gulf Coast region include:

- Holy Cross Project: The Holy Cross Project is the first sustainable, low-income housing community development in New Orleans, located in the Lower Ninth Ward. The first LEED Platinum Net Zero Electricity single-family home opened in May 2008 as an educational Visitors' Center offering free tours to the public. The Visitors' Center has hosted approximately 20,000 visitors to date. Four additional LEED Platinum single-family homes are now complete; a large bio-swale has been installed; ground will be broken on a Community Development and Climate Action Center in early 2011; and an affordable 18-unit apartment complex will begin construction once state approval is received.
  
- Green Building Resource Center: This free walk-in public resource center, located in downtown New Orleans, provides a vast array of information on sustainable building practices and materials, green financing options, and contact information for local contractors certified in various green building areas.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

- Green Schools Initiative: Global Green has made significant achievements at both the state and local level to help green the New Orleans public school system. Successes include: a commitment in the New Orleans master plan that all new schools and major school renovations be built to LEED Silver standards; improvements to four "Green Seed Schools;" the creation of two "Green Model Schools" in New Orleans, and written Green Schools Criteria for the Recovery School District, the state hurricane recovery authority.
  
- Energy & Sustainability Policy Work: Global Green policy successes in New Orleans include helping pass the State of Louisiana's first ever energy code in 2005; leveraging staff and funding to enable the City of New Orleans to become a Department of Energy Solar America City; drafting a green building ordinance unanimously passed by the City Council; facilitating the creation of the Green Collaborative of New Orleans, a 75+ member coalition which brings together individuals and organizations working in environmental justice, sustainability, and the expansion of green business in the New Orleans region; and Global Green's New Orleans Director serving as co-chair of the newly elected mayor's Transition Task Force on Sustainable Energy and Environment in 2010 to set the City's sustainability effort for the next four years.
  
- The Build It Back Green (BIBG) Program: Launched in 2008 to make green-building, energy and water efficiency information available to thousands of low-income New Orleanians, BIBG offers simple, cost-effective solutions for residents' homes, helping them build financial stability and reducing their impact on the environment through energy efficiency upgrades. Global Green and the BIBG initiative have received national accolades for their work helping low-income families, recently recognized by the Center for American Progress as having "helped set the standard for green redevelopment in the Big Easy." BIBG achieves its goals using outreach, technical assistance and public relations to bring energy efficiency services to low-income residents.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

- New Orleans-Worthwhile Investments Save Energy (NOLA WISE):  
In Summer 2011, Global Green, in partnership with the City of New Orleans, Southeast Energy Efficiency Alliance, and the Department of Energy's Better Buildings Program, is launching the NOLA WISE program, which offers loans for energy efficiency improvements. Program participants will have access to a pool of nationally-certified contractors, as well as knowledgeable energy efficiency specialists who will walk them through the process. This includes access to other available incentives, rebates, and tax credits, including local rebates, state tax credits, and other federal and state programs. Through NOLA WISE, Global Green will provide subsidized green jobs training to low-income residents and connect them with green collar jobs through the increased demand for these services created by NOLA WISE participants.

Water--Through the "Right to Water" campaign and other initiatives, Global Green is dedicated to ensuring that the right of all people to basic supplies of safe water is respected, as well as nurturing the opportunities for cooperation in trans-boundary water management that help build mutual respect, understanding and trust among countries, and promote peace, security and sustainable economic growth.

Climate Change Initiatives and Policy--Global Green's Policy and Legislative Department works to educate city, state and federal policymakers and key stakeholders (consumers, business, labor, and the public) about the importance of taking action and creating smart solutions to address climate change. Specifically, its recent accomplishments include:

- Working as a member of the Energy Efficient Codes Coalition to establish improvements in residential building codes that will reduce energy use, save consumers money and reduce greenhouse gas (GHG) emissions;
- Leading efforts to establish a comprehensive energy efficiency program for existing buildings in California working with the California Homebuilder Association and environmental, public health and faith-based organizations;
- Developing a comprehensive analysis of over 50 GHG-related policies in the City of Los Angeles, scoring them and developing a "City Carbon Index" grade based on the analysis, which was released in February 2011;
- Participating in the Solar Work Group convened by the LA Business Council to provide input on a UCLA study that is recommending a 600MW solar Feed-in Tariff for the City of LA.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

Communications and Education--Communications and Education outreach is a critical component of Global Green's effectiveness in engaging and informing its key constituents and supporters. Global Green has educated more than 100 million people about smart solutions to climate change through the annual "Red Carpet/Green Cars" Oscars™ event, robust local and national press and media coverage, innovative online partnerships, as well as Global Green's website and social media sites.

The Coalition for Resource Recovery (CoRR)--The CoRR is a working group of companies under the direction of Global Green, dedicated to identifying and deploying cost-neutral or better mechanisms to recover resources, in order to reduce greenhouse gas emissions, energy demand, air pollution, and natural resource depletion. CoRR's priorities are to combat climate change and generate business value by transforming waste into assets. CoRR's recent accomplishments include:

- Planning, hosting, and facilitating two 90-person conferences on the recycling opportunities and challenges of paper food-service packaging and wholesale packaging, at which more than 60 organizations were represented per event;
- Coordinating, evaluating and disseminating results from lab tests and paper mill trials with the objective of identifying recycling solutions for paper food-service packaging;
- Coordinating, planning and conducting paper packaging recycling pilots at a quick-service restaurant and a university cafeteria with the objective of informing innovative recycling solutions;
- Presenting results of pilot programs at conferences and news articles to encourage participation in developing recycling solutions and adoption of existing recycling solutions;
- Planning, hosting, and facilitating a conference on opportunities for commercial food waste recovery in New York City and conceptualizing new initiatives informed by the conference.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

Douglas & Andry Sustainable Building, LLC (Douglas & Andry) is a subsidiary of Global Green USA. Douglas & Andry was organized in 2006 for the purpose of building the Holy Cross Project, a project based in New Orleans, Louisiana, consisting of 5 single-family homes. The primary goal of the project is to achieve Platinum level certification under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System for all single family homes and other buildings built by Douglas & Andry. By using solar panels, high performance building design, HVAC systems, energy and resource monitoring systems, and energy efficient appliances, the buildings in the Holy Cross Project will consume at least 75% less energy than is typically used in similar buildings. Douglas & Andry is a single-member limited liability company owned entirely by Global Green.

Douglas & Andry Sustainable Community Center, LLC (D&A Comm Center) is a subsidiary of Global Green USA. D&A Comm Center was organized in 2010 for the purpose of building the Community Development and Climate Action Center (CDCAC). The CDCAC will break ground in the summer of 2011, providing offices for Global Green and neighborhood organizations, green building educational exhibits, a credit union, fresh food venue, and public conference facilities. The CDCAC will also serve as an emergency shelter in extreme weather events. The CDCAC is designed to serve dual and complementary purposes: (1) it will be an international "Center of Excellence" for mitigating climate change in coastal communities, and (2) it will address the needs and preferences of local residents by providing space and services. The Center of Excellence will demonstrate all aspects of green building appropriate for this climate zone and provide opportunities for knowledge-sharing between researchers and scientists from around the world. D&A Comm Center is a single-member limited liability company owned entirely by Global Green.

Douglas & Andry Sustainable Apartments, LLC (D&A Apts) is a subsidiary of Global Green USA. D&A Apts was organized in 2007 for the purpose of building an 18-unit apartment building. The primary goal of the project is to achieve Platinum level certification under the Leadership in Energy and Environmental Design (LEED) Green Building Rating System for the apartment buildings built by D&A Apts. D&A Apts is a single-member limited liability company owned entirely by Global Green.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

In 2010, Global Green USA through its subsidiary "Global Green Sustainable Community Development Fund, LLC" (Fund) became an US Treasury, approved "CDE", Community Development Enterprise. This approval was given by the Community Development Financial Institutions Fund (the CDFI Fund). Certification as a CDE means that an organization meets the CDE eligibility requirements set forth in the statute governing the NMTC Program and the CDFI Fund's CDE Certification Guidance document (Federal Register Vol. 66, No. 245). These requirements state that a CDE must be a legal entity; must demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and must maintain accountability to low-income communities through their representation on a governing board of, or advisory board(s) to, the CDE. Global Green USA set up an advisory board to govern the Fund and is not related to the Board of Directors of Global Green USA, Inc. This allows the Fund to apply for a New Market Tax Credit allocation, which it did in June 2011.

Collectively, these subsidiaries are referred to in the financial statements as the Douglas & Andry Projects.

Principles of Consolidation--The consolidated financial statements include the accounts of Global Green USA, Douglas & Andry Sustainable Building, LLC, Douglas & Andry Sustainable Community Center, LLC, Douglas & Andry Sustainable Apartments, LLC, and Global Green Sustainable Community Development Fund, LLC, all of which have a December 31 year-end. All material inter-organization transactions have been eliminated.

Basis of Accounting--The consolidated financial statements of Global Green have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation--Global Green recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of Global Green and changes therein are classified and reported as follows:

Unrestricted net assets--Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of Global Green.

Temporarily restricted net assets--Net assets subject to donor-imposed stipulations that may or will be met either by actions of Global Green and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

Permanently restricted net assets--Net assets that are restricted by the donors for investment in perpetuity. The investment income generated from these funds is available for general support of Global Green's programs and operations. There are no permanently restricted net assets at December 31, 2010.

Cash Equivalents--Global Green considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment--Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost when purchased, or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over useful lives ranging from 5 to 40 years.

All costs associated with the Douglas & Andry Projects are accumulated and capitalized in property and equipment until certificates of occupancy are received. Upon receipt of certificate of occupancy, those properties to be utilized in Global Green operations are depreciated in accordance with the policy described above. Those properties that are to be sold to third parties are designated as available for sale; their carrying value is evaluated and adjusted periodically to the lower of cost or fair value less estimated costs to sell (net realizable value) through a valuation allowance.

Income Taxes--Global Green is a nonprofit entity, exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for income taxes in the consolidated financial statements. In addition, Global Green 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.

Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, an organization must also evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions using the guidance of FASB ASC Topic 450, *Contingencies*, and has concluded that a provision for a tax liability is not necessary at December 31, 2010.

GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 1--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--  
Continued

Contributions and Grants Receivable--Contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value upon receipt of the award. Grants receivable that are expected to be collected in future years are recorded at fair value at the time of the award. Global Green measures fair value of grants receivable in more than one year as the present value of expected future cash flows. Amortization of the associated discount is included in grants revenue. Management provides for probable uncollectible amounts based on its assessment of recent collection history and current donor relationships.

Conditional grants are not included as support until the conditions on which they depend are substantially met.

Concentration of Credit Risk--Financial instruments which potentially subject Global Green to concentrations of credit risk consist of cash and cash equivalents, and amounts receivable. Global Green places its cash and cash equivalent balances with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. In the normal course of operations, such cash balances exceed the FDIC insurance limits. Amounts receivable are due from well-known charitable foundations and organizations with substantial assets and government entities. Global Green's management has assessed the credit risk associated with these cash and cash equivalent balances and amounts receivable and determined that an allowance for potential uncollectible amounts is not necessary.

Allocation of Functional Expenses--The costs of providing the various programs and other activities have been summarized on a program basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on actual labor hours incurred with respect to the various programs and support services.

Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2--GRANTS RECEIVABLE

Grants receivable are comprised primarily of amounts due from foundations, government agencies, and private firms contracted by government agencies. All grants receivable are unsecured and non interest-bearing. Grants receivable at December 31, 2010 total \$343,931.

GLOBAL GREEN USA AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 3--PROPERTY AND EQUIPMENT, NET

Net property and equipment consists of the following at December 31, 2010:

Land	\$ 167,127
Buildings	3,820,030
Equipment	66,330
Leasehold improvements	<u>17,012</u>
	4,070,499
Less:	
Accumulated depreciation	(90,131)
Net realizable value adjustment	<u>(400,000)</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 3,580,368</u>

NOTE 4--LINE OF CREDIT

Global Green maintains a variable rate revolving line of credit loan with a bank. The line, negotiated in May 2009, due in May 2012, provides a \$150,000 borrowing limit, bearing interest at 2.00% over prime, with an initial rate of 5.25%, payable monthly. Global Green is required to pay the loan in 35 principal payments of \$4,166.67 each and one final principal and interest payment of \$4,184.78. Additionally, Global Green will pay regular monthly payments of all accrued unpaid interest. The outstanding balance at December 31, 2010, is \$70,833. Interest paid during the year ended December 31, 2010 amounted to \$5,210.



GLOBAL GREEN USA AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE 7--COMMITMENTS

Global Green rents office space in Santa Monica, California; Washington, District of Columbia; and New Orleans, Louisiana, under noncancellable operating leases. Additionally, Global Green is a party to a noncancellable operating equipment lease agreement. Future minimum rental payments due under the terms of the operating lease agreements, with remaining terms of one year or more, by year, are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 204,177
2012	13,974
2013	4,812
2014	4,812
2015	4,812
Thereafter	<u>802</u>
	TOTAL \$ <u>233,389</u>

Rental expense related to the above leases for the year ended December 31, 2010 was approximately \$260,000.

NOTE 8--CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although it is considered a possibility, the Board deems the contingency remote, since by accepting the gifts and their terms, it has accommodated the objectives of the grantor under the provisions of its gift.

NOTE 9--SUBSEQUENT EVENTS

Subsequent events were evaluated through October 17, 2011, which is the date the financial statements were available to be issued.