

FINANCIAL STATEMENTS

**GREEN BELT MOVEMENT
INTERNATIONAL - NORTH AMERICA**

**FOR THE YEAR ENDED DECEMBER 31, 2008
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2007**

GREEN BELT MOVEMENT INTERNATIONAL - NORTH AMERICA

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Green Belt Movement International - North America
Washington, D.C.

We have audited the accompanying statement of financial position of the Green Belt Movement International - North America (GBMI-N.A.) as of December 31, 2008, and the related statements of activities and change in net assets and cash flows for the year then ended. These financial statements are the responsibility of GBMI-N.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from GBMI-N.A.'s 2007 financial statements and in our report dated November 6, 2008, we expressed an unqualified opinion on those statements.

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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of GBMI-N.A. as of December 31, 2008, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

November 20, 2009

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GREEN BELT MOVEMENT INTERNATIONAL - NORTH AMERICA

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007

ASSETS		<u>2008</u>	<u>2007</u>
CURRENT ASSETS			
Cash and cash equivalents		\$ 576,859	\$ 1,184,868
Accounts receivable		<u>-</u>	<u>25,815</u>
Total current assets		<u>576,859</u>	<u>1,210,683</u>
FIXED ASSETS			
Equipment		30,206	24,623
Less: Accumulated depreciation		<u>(17,269)</u>	<u>(7,875)</u>
Net fixed assets		<u>12,937</u>	<u>16,748</u>
TOTAL ASSETS		<u>\$ 589,796</u>	<u>\$ 1,227,431</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ <u>24,256</u>	\$ <u>4,603</u>
NET ASSETS			
Unrestricted		53,929	267,265
Temporarily restricted (Note 2)		<u>511,611</u>	<u>955,563</u>
Total net assets		<u>565,540</u>	<u>1,222,828</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 589,796</u>	<u>\$ 1,227,431</u>

GREEN BELT MOVEMENT INTERNATIONAL - NORTH AMERICA

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007**

	2008			2007
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions and grants	\$ 329,511	\$ 247,548	\$ 577,059	\$ 898,883
Honoraria	4,000	-	4,000	65,000
Interest/dividend income	5,741	-	5,741	31,387
Net assets released from donor restrictions (Note 2)	<u>691,500</u>	<u>(691,500)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,030,752</u>	<u>(443,952)</u>	<u>586,800</u>	<u>995,270</u>
EXPENSES				
Salaries, benefits and payroll taxes	105,316	-	105,316	128,776
Printing and production	-	-	-	7,541
Consulting fees	71,365	-	71,365	64,612
Telephone	14,135	-	14,135	18,733
Accounting and legal	29,224	-	29,224	93,889
Travel and entertainment	20,267	-	20,267	13,439
Postage and delivery	2,729	-	2,729	5,026
Equipment, repairs and maintenance	-	-	-	1,589
Depreciation	9,394	-	9,394	6,513
Supplies	2,052	-	2,052	4,166
Other	87,712	-	87,712	32,690
Advertising and promotion	1,806	-	1,806	18,544
Bank fees	247	-	247	407
Payment to affiliate (Note 4)	812,333	-	812,333	600,000
Occupancy	30,960	-	30,960	29,119
Donor support	52,850	-	52,850	82,824
Website	<u>3,698</u>	<u>-</u>	<u>3,698</u>	<u>2,280</u>
Total expenses	<u>1,244,088</u>	<u>-</u>	<u>1,244,088</u>	<u>1,110,148</u>
Change in net assets	(213,336)	(443,952)	(657,288)	(114,878)
Net assets at beginning of year	<u>267,265</u>	<u>955,563</u>	<u>1,222,828</u>	<u>1,337,706</u>
NET ASSETS AT END OF YEAR	<u>\$ 53,929</u>	<u>\$ 511,611</u>	<u>\$ 565,540</u>	<u>\$ 1,222,828</u>

See accompanying notes to financial statements.

GREEN BELT MOVEMENT INTERNATIONAL - NORTH AMERICA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (657,288)	\$ (114,878)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	9,394	6,513
(Increase) decrease in:		
Accounts receivable	25,815	(20,815)
Decrease (Increase) in:		
Accounts payable and accrued liabilities	<u>19,653</u>	<u>(19,634)</u>
Net cash used by operating activities	<u>(602,426)</u>	<u>(148,814)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(5,583)</u>	<u>(14,389)</u>
Net cash used by investing activities	<u>(5,583)</u>	<u>(14,389)</u>
Net decrease in cash and cash equivalents	(608,009)	(163,203)
Cash and cash equivalents at beginning of year	<u>1,184,868</u>	<u>1,348,071</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 576,859</u>	<u>\$ 1,184,868</u>

GREEN BELT MOVEMENT INTERNATIONAL - NORTH AMERICA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Green Belt Movement International - North America (GBMI-N.A.) is a nonprofit organization, incorporated in the State of California and currently located in Washington, D.C. The mission of GBMI-N.A. is to empower communities worldwide to protect the environment and to promote good governance and cultures of peace.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with GBMI-N.A.'s financial statements for the year ended December 31, 2007, from which the summarized information was derived.

Cash and cash equivalents -

GBMI-N.A. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

At times during the year, GBMI-N.A. maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Fixed assets -

Fixed assets are stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three years. The cost of maintenance and repairs is recorded as expenses are incurred. GBMI-N.A. has established \$1,000 as its capitalization policy.

Income taxes -

GBMI-N.A. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. GBMI-N.A. is not a private foundation.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

GREEN BELT MOVEMENT INTERNATIONAL - NORTH AMERICA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

In-kind contributions -

In-kind contributions represent donated office space. The value of the donation is recorded at fair market value on the date of the donation. The value of the donated office space was \$29,200 for the year ended December 31, 2008. This is included in unrestricted contributions and grants.

Use of 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair value measurements -

GBMI-N.A. adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, entitled *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. GBMI-N.A. accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Uncertain tax positions -

In June 2006, the FASB released FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. As defined by the guidance in FSP FIN 48-3, GBMI-N.A. is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, GBMI-N.A. has not implemented those provisions in the 2008 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, GBMI-N.A. continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, *Accounting for Contingencies*. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of December 31, 2008, GBMI-N.A. has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

GREEN BELT MOVEMENT INTERNATIONAL - NORTH AMERICA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008**

2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2008:

Tree planting and community development	\$ 343,708
Civic and environmental education	25,000
Other projects	99,403
Water project	<u>43,500</u>
	<u>\$ 511,611</u>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes specified by the donors:

Tree planting and community development	\$ 500,000
Civic and environmental education	125,000
Water project	<u>66,500</u>
	<u>\$ 691,500</u>

3. FUNCTIONAL ALLOCATION OF EXPENSES

Total expenses are classified into the following categories for the year ended December 31, 2008:

Program Services	\$ 983,944
Management and General	76,885
Fundraising	<u>183,259</u>
	<u>\$1,244,088</u>

4. AFFILIATED ORGANIZATIONS

GBMI-N.A. is affiliated with three related organizations, the Green Belt Movement International, a registered charity in the United Kingdom; the Green Belt Movement International - Europe, a registered charity in the United Kingdom; and the Green Belt Movement, a registered non-governmental organization (NGO) in Kenya. All four organizations share a common Board member.

During the year ended December 31, 2008, GBMI-N.A. raised and transferred \$812,333 to the Green Belt Movement to support its programs.