

**GREENSTAND**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
GreenStand

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of GreenStand (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the above mentioned accompanying financial statements present fairly, in all material respects, the financial position of GreenStand as of December 31, 2021, and the changes in its net assets and its cash flows for the year ended December 31, 2021 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GreenStand and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 GreenStand's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

#### ***Auditor's 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 auditor's 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 GreenStand'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 GreenStand'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*BARTON CPA*

Houston, Texas  
June 13, 2022

GREENSTAND  
STATEMENT OF FINANCIAL POSITION

	<u>December 31,</u> <u>2021</u>
<u>ASSETS</u>	
<u>Current assets</u>	
Cash and cash equivalents	\$ 106,555
Accounts receivable	<u>739</u>
Total current assets	107,294
Total assets	<u>\$ 107,294</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>Current liabilities</u>	
Accounts payable	\$ 772
Accrued liabilities	1,516
Related party note payable	<u>94,777</u>
Total current liabilities	97,065
Commitments and contingencies	
<u>Net assets</u>	
Without donor restrictions	(89,145)
With donor restrictions	<u>99,374</u>
Total net assets	<u>10,229</u>
Total liabilities and net assets	<u>\$ 107,294</u>

See accompanying notes to financial statements.

GREENSTAND  
STATEMENT OF ACTIVITIES

	Without Donor Restrictions	With Donor Restrictions	Total for Year Ended December 31, 2021
<u>Revenues</u>			
Donations	\$ 219,400	\$ -	\$ 219,400
Grants	114,876	99,374	214,250
Tree token sales	7,174	-	7,174
	<hr/>	<hr/>	<hr/>
Total support and revenue	341,450	99,374	440,824
<u>Expenses</u>			
Project	394,401	-	394,401
General and administrative	35,152	-	35,152
	<hr/>	<hr/>	<hr/>
Total expenses	429,553	-	429,553
Change in net assets	(88,103)	99,374	11,271
Net assets, beginning of year	<hr/> (1,042)	<hr/> -	<hr/> (1,042)
Net assets, end of year	<hr/> <u>\$ (89,145)</u>	<hr/> <u>\$ 99,374</u>	<hr/> <u>\$ 10,229</u>

See accompanying notes to financial statements.

GREENSTAND  
STATEMENT OF FUNCTIONAL EXPENSES

	<u>Project</u>	<u>General and Administrative</u>	<u>Total for Year Ended December 31, 2021</u>
Cloud infrastructure	\$ 19,668	\$ -	\$ 19,668
Product development contractors	135,715	-	135,715
Project communications	1,154	-	1,154
Field labor and ground operations	33,504	-	33,504
Technical engineering support	57,216	-	57,216
Project development	45	-	45
Project travel	510	-	510
Tree tracking	7,440	-	7,440
Donated services	139,149	-	139,149
Bank and merchant fees	-	5,556	5,556
Business and travel	-	319	319
Office expenses	-	193	193
Legal and accounting Services	-	3,568	3,568
Administrative services	-	22,913	22,913
Occupancy rent	-	413	413
Website and marketing	-	674	674
Interest expense	-	1,516	1,516
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 394,401</u>	<u>\$ 35,152</u>	<u>\$ 429,553</u>

See accompanying notes to financial statements.

GREENSTAND  
STATEMENT OF CASH FLOWS

	Year Ended December 31, 2021
<u>Cash flows from operating activities</u>	
Change in net assets	\$ 11,271
Increase in assets:	
Accounts receivable	(739)
Increase (decrease) in liabilities:	
Accounts payable	(54,412)
Accrued expenses	1,516
	(42,364)
<u>Cash flows from financing activities</u>	
Borrowings on related party note payable	94,777
	94,777
Net cash provided by financing activities	94,777
Net decrease in cash and cash equivalents	52,413
Cash and cash equivalents, beginning of period	54,142
	54,142
Cash and cash equivalents, end of period	\$ 106,555
Supplemental cash flow information	
Cash paid for interest expense	\$ 1,516

See accompanying notes to financial statements.

GREENSTAND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021

NOTE 1: Nature of operations

Organization

Greenstand (the "Organization"), is a nonprofit organization incorporated in the State of Alaska on February 8, 2015. The Organization is a U.S.-based 501(c)(3) nonprofit organization developing open-source technology to address climate change and alleviate poverty through digitizing environmental goods and services.

NOTE 2: Summary of significant accounting policies

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America ("GAAP"). The Organization's fiscal year end is December 31.

Net asset classification

Contributions, grants, and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- Net assets without donor restrictions include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- Net assets with donor restrictions include contributions restricted by the donor for specific purposes, time periods, or in perpetuity. When a purpose restriction is accomplished or a time restriction ends, net assets are released to net assets without donor restrictions. Net assets with restrictions also include contributions that donors have restricted in perpetuity.

Contributions

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Restrictions fulfilled in the same time period in which the contribution is received are transferred to net assets without restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received.

Amortization of the discount is included as contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Contributed property and equipment are recorded at fair value at the date of donation. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

GREENSTAND  
NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 2:    Summary of significant accounting policies (continued)

Contributions (continued)

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grants

Grants are recognized when the related services are provided or allowable expenditures made.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents

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

Concentration of credit risks

The Organization's financial instruments that are exposed to concentrations of credit risk primarily consist of its cash and cash equivalents. The Organization places its cash and cash equivalents with financial institutions of high credit worthiness. The Organization plans to assess the financial strength and credit worthiness of any parties to which it extends funds, and as such, it believes that any associated credit risk exposures are limited.

Fair value of financial instruments

Certain assets and liabilities of the Organization are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs which are supported by little or no market activity.

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 2: Summary of significant accounting policies (continued)

Fair value of financial instruments (continued)

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The carrying values of the Organization's accounts receivable and accounts payable approximate their fair values due to the short-term nature of these assets and liabilities.

Revenue recognition

The Organization recognizes revenue from the sale of services in accordance with ASC 606, "Revenue Recognition" following the five steps procedure:

- Step 1: Identify the contract(s) with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to performance obligations
- Step 5: Recognize revenue when or as performance obligations are satisfied

Donated materials and services

The Organization pays for some services. However, the organization relies heavily on volunteer services requiring specific expertise. These services meet the criteria for recognition as contributed services. As of December 31, 2021, contributed services are \$139,149.

Accounts receivable

Accounts receivables are derived from services delivered to customers and are stated at their net realizable value. Each month, the Organization reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for doubtful accounts is necessary based on any known or perceived collection issues. As of December 31, 2021, the Organization determined there was no allowance for doubtful accounts necessary.

Federal income tax

The Organization is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code and classified as a public charity under §170(b)(1)(A)(ii). Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than- not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2021. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 2: Summary of significant accounting policies (continued)

Major customers and concentration of credit risk

The Organization had no major customer or vendor concentrations during 2021.

Recent accounting pronouncements

In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact on its financial statements.

The Organization does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, the Organization will adopt those that are applicable under the circumstances.

Functional allocation of expenses

The costs of the Organization’s programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3: Commitments and contingencies

The Organization is not currently involved with and does not know of any pending or threatening litigation against the Organization.

NOTE 4: Liquidity and availability of financial resources

The following reflects the Organization’s financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date. Amounts not available include amounts restricted for a donor specified purpose.

Financial assets, at year-end	\$	107,294
Restricted by donor with time or purpose restrictions		99,374
Financial assets available to meet cash needs for general expenditures within one year	\$	7,920

Net assets without donor restrictions consist of related party advances and revenue from general donations and unrestricted grants as recorded in the statements of activities. Net assets with donor restrictions consist of a grant from Deutsche Gesellschaft für Internationale Zusammenarbeit (“GIZ”) for the Natural Resources Stewardship Programme (“NatuReS”).

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NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 5:     Related party note payable

The Organization has a note payable with a related party due on demand, bearing interest at the Applicable Federal Rate (1.6% at December 31, 2021). The note payable balance as of December 31, 2021 is \$94,777.

NOTE 6:     Subsequent events

The Organization has evaluated all events that have occurred after the statement of financial position date through June 13, 2022, the date these financial statements were available to be issued. Based upon the evaluation, the Organization did not identify any other recognized or non-recognized subsequent events that would have required adjustment or disclosure in the accompanying financial statements.