



GREEN
CLIMATE
FUND

Meeting of the Board
28 – 30 June 2016
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GCF/B.13/22
23 June 2016

Audited financial statements of the Green Climate Fund for the year ended 31 December 2015

Summary

The financial statements of the Green Climate Fund for the year ended 31 December 2015 are submitted for Board approval.

In compliance with decision B.08/18, the Secretariat has also submitted a 2015 Annual Report, which is currently under consideration by the Co-Chairs.

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I. Introduction and background to the financial statements 2015

1. The Board, by its decision B.08/18, approved the terms of reference of the External Auditor.
2. Under decision BM-2015/02, and in accordance with the approved terms of reference, the Board approved the appointment of Grant Thornton to be the External Auditors of the Green Climate Fund (GCF) for a three year period beginning with the 2014 financial statements.
3. The external audit of the GCF 2015 financial statements was undertaken by Grant Thornton during the month of April 2016. The financial statements were prepared by the Secretariat in accordance with the International Financial Reporting Standards and audited in accordance with the International Standards on Auditing.
4. The financial statements were presented to the Ethics and Audit Committee (EAC) on 13 June 2016. The draft “Independent auditor’s report” is contained in “Green Climate Fund Report on Audits of Financial Statements for the year ended December 31, 2015” (see page 6, annex II below). It states the draft audit opinion set out below:

“In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at December 31, 2015 and 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.”

II. Recommendation by the Ethics and Audit Committee

5. The EAC recommends that the Board approve the financial statements of the GCF for the year ended 31 December 2015.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.13/22 titled “The Financial Statements of the Green Climate Fund for the year ended 31 December 2015”:

- (a) Approves the financial statements of the Green Climate Fund for the year ended 31 December 2015 as contained in annex II.

Annex II



Green Climate Fund Report on Audits of Financial Statements

for the years ended December 31, 2015

Prepared under International Financial Reporting Standards





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INDEPENDENT AUDITOR'S REPORT

To the Board of the Green Climate Fund

Daemyung Grant Thornton
3F, Dongshin Bldg.,
409 Teheran-ro,
Gangnam-gu,
Seoul(135-876),
Korea

T 822-2056-3700
F 822-2056-3777
www.dmgt.co.kr

Report for the financial statements

We have audited the accompanying financial statements of the Green Climate Fund ("the Fund"), which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, changes in funds and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information

Board's and Secretariat's responsibility for the financial statements

The Board and Secretariat are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board and the Secretariat are further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our

Certified Public Accountants and Management Consultants

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judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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.

Daemyung Grant Thornton
FJ Tower 1 Bldg.,
409 Teheran-ro,
Seoul(135-876),
Korea

T 822-2056-3700
F 822-2056-3777
www.dmgt.co.kr

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the 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 financial statements give a true and fair view of the financial position of the Fund as at December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

June xx, 2016

Seoul, Korea

This report is effective as of June xx, 2016, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.



STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014

(In '000 USD)	Note	2015	2014
Assets			
Cash and cash equivalents	5, 6	637,682	108,102
Other receivables	6	-	252
Prepayments	-	-	62
Contributions Receivable	6,7	470,538	-
Total current assets		1,108,220	108,416
Contributions Receivable	6,7	740,115	-
Property and equipment, net	8	785	433
Total non-current assets		740,900	433
Total assets		1,849,120	108,849
Liabilities			
Accounts payable	6	1,651	60
Accrued expenses	-	1,087	678
Payable to employees	5,6	1,436	332
Total current liabilities		4,174	1,070
Total liabilities		4,174	1,070
Funds			
Temporarily restricted funds	9	1,210,653	681
Unrestricted funds	9	634,293	107,098
Total Funds		1,844,946	107,779
Total liabilities and funds		1,849,120	108,849

See accompanying notes to the financial statements.



STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2015 and 2014

(In '000 USD)	Note	2015	2014
Income			
Contributions	10	1,757,626	88,750
Foreign currency gain/(loss)	6	(2,786)	(118)
Other income	6	1,424	-
Interest and investment income	6	1,046	140
Total income		1,757,310	88,772
Expenditure			
Operating expenses	11,12	20,143	10,727
Total expenditure		20,143	10,727
Increase in fund for the year		1,737,167	78,045
Other Comprehensive Income (loss)		-	-
Total comprehensive income for the year		1,737,167	78,045



STATEMENTS OF CHANGES IN FUNDS

For the years ended December 31, 2015 and 2014

(In '000 USD)

	Temporarily restricted funds	Unrestricted funds	Total
As at 1 January 2014	1,400	28,334	29,734
Fund released from restriction	(719)	719	-
Comprehensive income	-	78,045	78,045
As at 31 December 2014	681	107,098	107,779
As at 1 January 2015	681	107,098	107,779
Fund released from restriction	(681)	681	-
Comprehensive income	1,210,653	526,514	1,737,167
As at 31 December 2015	1,210,653	634,293	1,844,946

See accompanying notes to the financial statements.



STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

(In '000 USD)	2015	2014
Cash flows from operating activities		
Cash receipts from Contributors	541,870	88,750
Bank and Trust Fund Income	578	140
Other income	1,424	-
Cash paid to suppliers and personnel	(16,272)	(9,645)
Realised Foreign currency gain (loss)	2,789	(118)
Net cash provided by (used in) operating activities	530,389	79,127
Cash flows from investing activities		
Acquisition of property and equipment	(809)	(563)
Net cash provided by (used in) investing activities	(809)	(563)
Cash flows from financing activities		
Net increase in cash and cash equivalents	529,580	78,564
Cash and cash equivalents at beginning of the year	108,102	29,538
Cash and cash equivalents at end of year	637,682	108,102

See accompanying notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2015 and 2014

1. Reporting entity

The Green Climate Fund (Fund) has been established by 196 Parties to the United Nations Framework Convention on Climate Change (UNFCCC). The Fund was established by a decision of the Conference of the Parties (COP) to the UNFCCC on 11 Dec 2011. Its headquarter is based in Songdo, the Republic of Korea. It will contribute to the achievement of the ultimate objective of the Convention. In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. The Fund will be guided by the principles and provisions of the Convention.

The Fund will play a key role in channeling new and predictable financial resources to developing countries. GCF will catalyze climate finance – both public and private, and at the national, regional and international levels. The Fund is intended to operate at a larger scale than other comparable funds to promote the paradigm shift towards low-emission and climate-resilient development pathways.

GCF was designated as an operating entity of the UNFCCC's financial mechanism, which it is ultimately accountable to. The COP provides guidance to the Board, including on matters related to policies, programme priorities and eligibility criteria. The Board takes appropriate actions in response to this guidance and reports to the COP annually.

The Fund is governed and supervised by a Board that has full responsibility for funding decisions and that receives the guidance of the COP. The Fund established the Secretariat. The Board oversees the operation of all relevant components of the Fund, approving specific operational policies and guidelines, and approving funding for projects and programmes. The Board is composed of 24 members, and 24 alternate members with equal representation from developing and developed country Parties. In accordance with the Fund's Governing Instrument, the World Bank (IBRD) provides trustee services to the Fund, on an interim basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied by the Fund consistently to all periods presented.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs). Where the IFRS are silent or do not give guidance on how to treat transactions specific to the non-profit sector, accounting policies have been based on the general IFRS principles, as detailed in the IASB Framework for the Preparation and Presentation of Financial Statements.

These financial statements were approved by the Board of the Green Climate Fund on xx June 2016.

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis.

FUNCTIONAL AND PRESENTATION CURRENCY

The accompanying financial statements are presented in United States Dollars (“USD”), the Fund's functional currency. All financial information has been rounded off to the nearest thousands, unless otherwise indicated.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

3. Application of new and revised IFRS

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING 2015

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS

During 2015 several new standards and amendments became applicable for the first time in 2015. However, these do not impact the financial statements of the Fund.

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2015, and have not been applied in preparing the financial statements. The Fund plans to adopt these pronouncements when they become effective. Only those new or amended standards that may have an impact on the Fund reporting are listed below, with their potential effect on the financial statement:

Changes in IFRS to be applied in 2017 - IFRS 15 “Revenue from Contracts with Customers” (May 2014): Based on its current sources of income, the Fund expects a limited impact on its financial statements.

Changes in IFRS to be applied in the 2018 - IFRS 9 “Financial Instruments” (July 2014): The Fund expects a limited impact on the classification and measurement of its financial assets and liabilities. The application of the new impairment requirements might result in possible changes of current accounting and systems.

4. Summary of significant accounting policies

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

RECEIVABLE

All receivable balances are valued at their net realizable value, that is, the gross amount of receivable minus, if applicable, allowances provided for doubtful debt. Any receivable or portion of receivable judged to be uncollectable is written off. Write offs of receivables are done via allowances for doubtful accounts after all efforts to collect have been exhausted.

NOTES TO THE FINANCIAL STATEMENTS

PROPERTY AND EQUIPMENT

Property and equipment are measured initially at cost. Subsequent to initial recognition as an asset, property and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of property and equipment comprises its purchase price and all other incidental costs in bringing the asset to its working condition for its intended use.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The costs of the day-to-day servicing are recognized as expenses.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of each part of an item of property and equipment.

The estimated useful lives for the current period are as follows:

Plant and equipment	Useful life
Computer equipment and IT infrastructure	3–5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate.

Depreciation is made in the year the asset is placed in operation and continued until the asset is fully depreciated or its use is discontinued.

Foreign currency transactions and translations

Foreign currency-denominated transactions are translated to US Dollars for reporting purposes at rates which approximate the exchange rates prevailing at the dates of the transactions.

Exchange differences arising from the: (a) settlement of foreign currency-denominated monetary items at rates which are different from which they were originally booked, and (b) translation of balances of foreign currency-denominated monetary items as at reporting date, are credited or charged to operations during the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING FOR CONTRIBUTIONS

Revenue recognition

Contributions, including unconditional promise for the use of the contributions, are recognized as revenue at the earlier of when there is reasonable assurance that the contributions will be received or such contributions are received.

Contributions, including conditional promise to support specified projects or activities mutually agreed upon by the Fund and the contributor, are fully recognized as revenue at the earlier of when there is reasonable assurance that the contributions will be received or such contributions are received unless there is doubt that the Fund will not be able to use the contributions for intended purposes, in which case the revenue is recognized only to the extent of the expenditures incurred during the year.

Contributions receivable

The Fund recognizes contributions receivable where there is reasonable assurance that the contributions will be received but the cash has not been received. Contributions receivable is stated at their cost net of a provision for uncollectible contributions.

The promissory notes receivables are measured initially at fair value by discounting the future cash flows with the appropriate discount rates, which reflects the duration and the credit risk of the issuer and presented at amortized cost using the effective rate method at each reporting date. The Fund assesses at the end of each reporting period whether there is any objective evidence that the promissory notes are impaired. If any such evidence exists, the Fund determines the amount of any impairment loss.

Deferred contributions revenue

The Fund recognizes deferred contributions revenue where there is doubt that the Fund will be able to use the contributions for intended purposes and any unused portion of the contribution received will need to be refunded to the contributor. The revenue recognition for such contributions is deferred to future periods in order to match the underlying related expense. The revenue is realized in the statement of comprehensive income on a systematic basis in the period during which the underlying related expenses are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the underlying instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through the consolidated statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through gains or losses are recognized immediately in the statement of comprehensive income.

Financial assets are classified into the following specified categories: Cash and cash equivalents within the Trust Fund, contribution receivables and other receivables.

Financial liabilities of the Fund include the accounts payable and payable to employees.

FINANCE INCOME AND FINANCE COSTS

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

TAXATION

Under an agreement between the Republic of Korea and the Green Climate Fund (GCF) concerning the Headquarters of the Green Climate Fund, signed on 10 June 2013, the GCF is exempt from all direct taxes, except those which are, in fact no more than charges for public utility services; and exempt from all indirect taxes, including any value-added and or/similar tax and excise duties levied on important purchase of goods and services for official purposes.

FINANCIAL RISK MANAGEMENT

The Fund will be exposed to various kind of financial risk (credit risk, market risk, operational risk etc.). The fund has its Financial Risk Management and Investment framework. The Board adopted a risk appetite methodology and risk registers to manage its exposure to various risk categories. The Fund will continue establishing risk policies and guidelines to further improve risk management tools in financial and non-financial risk management. Funds held in trust by the interim Trustee are

NOTES TO THE FINANCIAL STATEMENTS

invested in accordance with the World Bank's policies and procedures for the investment of trust funds administered by the World Bank.

EVENTS AFTER THE REPORTING DATE

Post year-end events that provide additional information about the Funds financial position at the reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

5. Cash and Cash Equivalents

(a) Cash and cash equivalents as of December 31, 2015 and 2014 are summarized as follows:

(In '000 USD)	2015	2014
Balance held in the GCF Trust Fund (at the World Bank)	633,221	107,280
Balances held in Commercial Banks	4,460	819
Cash on Hand	1	3
Total	637,682	108,102

The International Bank for Reconstruction and Development is serving as the interim trustee ("Trustee") of the fund. The Trustee administers the Contributions received in the Trust Fund in accordance with the Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund (including all Annexes and Attachments attached thereto, which constitute an integral part thereof), dated April 22, 2015 between the Fund and the Trustee (the "GCF Trust Fund Agreement").

Pending the selection of the service provider the employees and employers contribution towards the post-employment benefit plan is held under a separate bank account. These restricted cash of USD 1,436 thousands is included under Balances held in Commercial Banks. The corresponding liability is shown under payable to employees in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS

- (b) Cash and cash equivalents denominated in foreign currencies as of December 31, 2015 and 2014 are as follows:

(In '000 USD)	2015		2014	
Foreign currency	Foreign currency amount (in '000)	Translation into '000 USD	Foreign currency amount (in '000)	Translation into '000 USD
KRW	130,365	113	158,070	144
EUR	1,200	1,367	-	-
		1,480		144

- (c) Currency exchange rates as of December 31, 2015 and 2014 are as follows:

(In 'USD)	2015	2014
Currency	Ending exchange rate	Ending exchange rate
KRW	0.0009	0.0009
EUR	1.10	-

6. Financial Instruments by Categories

- (a) Categories of financial assets as of December 31, 2015 and 2014 are summarized as follows:

(In '000 USD)	2015		2014	
	Cash and cash equivalents	Loans and receivables	Cash and cash equivalents	Loans and receivables
Cash and cash equivalents	637,682	-	108,102	-
Contributions receivable	-	1,210,653	-	-
Other receivable	-	-	-	252
Total	637,682	1,210,653	108,102	252

The contributions receivable in 2015 represents promissory notes deposited by contributors. IBRD, as the interim trustee of the fund is holding these promissory notes on behalf of the fund. These are non-interest-bearing promissory notes issued by the contributors and payable at par value. Promissory notes encashable within one year from the end of reporting

NOTES TO THE FINANCIAL STATEMENTS

period are classified as current assets- receivables. Promissory notes encashable after more than one year from the balance sheet date are classified as non-current assets- receivables. Promissory notes are denominated in Euro, Japanese Yen, Swedish Krona and Pound Sterling and were revalued to USD at the end of reporting period at the prevailing exchange rates.

The other receivable in 2014 represents the balance with UNFCCC as at the end of the year. Pending the establishment of the permanent secretariat during 2014 UNFCCC had acted as the interim secretariat for the Fund.

- (b) Categories of financial liabilities as of December 31, 2015 and 2014 are summarized as follows:

(In '000 USD)	2015	2014
	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost
Accounts payable	1,651	60
Payable to employees	1,436	332
Total	3,087	392

As stated in note 5 to the financial statements, Cash and Cash Equivalents and the payable to employees includes the fund withheld for post-employment benefit plan of \$ 1,436 and \$ 306 thousands in 2015 and 2014 respectively. The 2014 figure also includes an amount of \$ 26 thousand in respect of a delayed salary payment to a staff member.

- (c) Detail of finance income (costs) by categories for the years ended December 31, 2015 and 2014 are summarized as follows:

(In '000 USD)	2015			2014		
	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost	Cash and cash equivalents	Loans and receivables	Financial liabilities measured at amortized cost
Bank and trust fund income	1,046	-	-	140	-	-
Foreign currency gain (loss) on contribution	(79)	(2,707)	-	(118)	-	-
Total	(967)	(2,707)	-	22	-	-

The foreign currency loss in 2015 is primarily due to exchange gain/loss at the time of encashment of promissory notes and on year end revaluation of promissory notes received in currency other than USD.

NOTES TO THE FINANCIAL STATEMENTS

On balance sheet date the promissory notes held by the interim trustees were revalued at the year-end exchange rate.

Other income of USD 1,424 thousands represents fee income received from the accreditation process

7. Contributions Receivable

In accordance with signed arrangements/ agreements a number of contributors have deposited promissory notes. IBRD, as the interim trustee of the fund is holding these promissory notes on behalf of the fund. These are non-interest-bearing and payable at par value. Promissory notes encashable within one year from the end of reporting period are classified as current assets- receivables. Promissory notes encashable after more than one year from the end of reporting period are classified as non-current assets- receivables.

The promissory notes receivables are measured initially at fair value by discounting the future cash flows with the appropriate discount rates, which reflects the duration and the credit risk of the issuer and presented at amortized cost using the effective rate method at each reporting date. The Fund assesses at the end of each reporting period whether there is any objective evidence that the promissory notes are impaired. If any such evidence exists, the Fund determines the amount of any impairment loss.

As at the end of reporting period, encashment schedule and details of present value on promissory notes are as follows;

Encashment	Amount (In '000 USD)
In 2016	470,539
In 2017	412,491
In 2018	76,305
In 2019	66,430
In 2020	52,195
In 2021	47,450
In 2022	45,078
In 2023	42,705
Nominal value of promissory notes	1,213,193
Unamortized present value discount	(2,540)
Present value of promissory notes	1,210,653

NOTES TO THE FINANCIAL STATEMENTS

8. Property and Equipment

(a) Details of property and equipment as of December 31, 2015 and 2014 are as follows:

(i) December 31, 2015			
(In '000 USD)	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	1,372	(587)	785
Total	1,372	(587)	785
(ii) December 31, 2014			
(In '000 USD)	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	563	(130)	433
Total	563	(130)	433

(b) Changes in property and equipment for the year ended December 31, 2015 and 2014 are summarized as follows:

(In '000 USD)

	January 1, 2015	Acquisition	Disposals	Depreciation	December 31, 2015
Computer/IT equipment	433	809	-	(457)	785
Total	433	809	-	(457)	785
	January 1, 2014	Acquisition	Disposals	Depreciation	December 31, 2014
Computer/IT equipment	-	563	-	(130)	433
Total	-	563	-	(130)	433

NOTES TO THE FINANCIAL STATEMENTS

9. Funds

All contributions received where the use is limited by statutory restrictions, contributor-imposed purpose or time restrictions have been classified as temporarily restricted funds. All other funds are recognized as unrestricted funds.

Details of temporary restricted funds by type of restriction as of December 31, 2015 and 2014 are as follows:

(In '000 USD)

	2015	2014
Time restriction	917,684	-
Contributor imposed restriction	292,969	681
Total	1,210,653	681

Time restriction represents the funds to be collected in future years (i.e. promissory note) that were recorded as the present value of the future collection as at the end of reporting period. This type of fund will be reclassified into unrestricted funds in the year of receipt.

Contributor-imposed restriction represents the funds where the use of the funds is limited by contributor-imposed purpose. This type of fund will be reclassified into unrestricted funds when the contributor-imposed purpose is met or the fund is released from such restriction.

NOTES TO THE FINANCIAL STATEMENTS

10. Incomes on Contribution

- (a) Details of contributions received for the year ended December 31, 2015 and 2014 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

Contributors	Instrument type	Contribution type	Currency	2015		2014	
				in currency of contribution	In USD Eq *	in currency of contribution	In USD Eq
				Amounts (in '000)	Amounts (in '000)	Amounts (in '000)	Amounts (in '000)
Grant Contributions							
Australia	Cash	Grant	AUD	70,075	54,005	-	-
Austria	Cash	Grant	EUR	6,000	6,565	-	-
Belgium	Cash	Grant	EUR	-	(998)	40,000	48,622
Belgium - Brussels Capital Region	Cash	Grant	EUR	500	529	600	730
Bulgaria	Cash	Grant	EUR	100	109	-	-
Chile	Cash	Grant	USD	300	300	-	-
Czech Republic	Cash	Grant	USD	-	-	-	-
Czech Republic	Cash	Grant	CZK	50,000	2,038	10,000	450
Denmark	Cash	Grant	DKK	100,000	14,655	103,600	16,979
Estonia	Cash	Grant	EUR	800	898	-	-
Finland	Cash	Grant	EUR	34,700	37,608	-	-
France	Cash	Grant	EUR	104,000	114,119	1,000	1,276
Germany	Cash	Grant	EUR	-	(124)	1,000	1,375
Germany	Promissory Note	Grant	EUR	187,500	207,369	-	-
Iceland	Cash	Grant	USD	150	150	-	-
Indonesia	Cash	Grant	USD	244	244	-	-
Italy	Cash	Grant	EUR	50,000	55,250	500	621
Japan	Cash	Grant	USD	-	-	1,000	1,000
Japan	Promissory Note	Grant	JPY	38,507,164	313,576	-	-
Korea	Cash	Grant	KRW	-	-	-	-
Korea	Cash	Grant	USD	10,500	10,500	11,000	11,000
Latvia	Cash	Grant	EUR	-	(8)	350	425
Luxembourg	Cash	Grant	EUR	5,000	5,390	-	-
Malta	Cash	Grant	EUR	50	55	-	-
Mexico	Cash	Grant	USD	10,000	10,000	-	-
Monaco	Cash	Grant	EUR	250	280	-	-
Netherlands	Cash	Grant	USD	-	-	-	-
Netherlands	Cash	Grant	EUR	6,700	7,493	-	-
New Zealand	Cash	Grant	NZD	3,000	2,198	-	-
Norway	Cash	Grant	NOK	400,000	48,523	500	71
Panama	Cash	Grant	USD	500	500	-	-
Poland	Cash	Grant	PLN	-	-	350	103
Portugal	Cash	Grant	EUR	2,000	2,167	-	-
Sweden	Cash	Grant	SEK	-	-	10,000	1,404
Sweden	Promissory Note	Grant	SEK	4,000,000	468,024	-	-
Switzerland	Cash	Grant	CHF	-	-	500	562
Switzerland	Cash	Grant	USD	30,000	30,000	-	-
United Kingdom	Cash	Grant	GBP	-	-	2,500	4,132
United Kingdom	Promissory Note	Grant	GBP	48,000	73,242	-	-
Sub- total - Grants					1,464,657		88,750
Capital Contributions							
United Kingdom	Promissory Note	Capital	GBP	192,000	292,969	-	-
Sub- total - Capital					292,969		-
Total					1,757,626		88,750

* Includes the forex fluctuation on 2014 receipts converted to USD during 2015.

NOTES TO THE FINANCIAL STATEMENTS

11. Employee Benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an employer and employees pays fixed contributions and the employer will have no legal obligation to pay further amount. The Fund operates a defined contribution plan for employees. Employee benefits relating to employee service rendered will be based on the contributions and the investment earnings on the plan assets which will be managed separately from the Fund's assets. Fund's Contributions to the defined contribution plan are recognized as an expense in the year in which they are incurred. Employees' contribution to the retirement fund was \$ 377 thousands and \$ 102 during the year 2015 and 2014 respectively.

The expenses related to post-employment benefit under defined contribution plans for the year ended December 31, 2015 and December 31, 2014 are as follows:

<i>(In '000 USD)</i>	2015	2014
Expense related to post-employment benefit under defined contribution plan	753	204

NOTES TO THE FINANCIAL STATEMENTS

12. Operating Expenses

Details of operating expenses for the year ended December 31, 2015 and December 31, 2014 are as follows:

(In '000 USD)	2015	2014
Salaries and Benefits	7,769	2,830
Consultants Fees	4,928	3,822
Contractual Services	1,874	790
Supplies and Services	3,308	1,775
Travel	1,807	1,380
Depreciation	457	130
Total	20,143	10,727

Included in the total of USD 20,143 thousands of operating expenditures is an amount of USD 1,412 thousands related to the 'Readiness & Preparatory Support Programme' as follows:

(In '000 USD)	2015	2014
Consultants Fees	569	355
Regional workshops & NDA visits	640	-
Grants	161	-
Travel	42	43
Total	1,412	398

NOTES TO THE FINANCIAL STATEMENTS

13. Commitments & Funding Decisions

In addition USD 1,639 thousands relating to seven signed readiness grant agreements have been committed but not yet disbursed. The expenditures of USD 1,412 thousands and commitments of USD 1,639 thousands are funded out of the Board approved total budget of up to US\$ 30 million for the 'Readiness and Preparatory Program'.

The Board at its 11th meeting in Livingstone in November 2015 approved amounts of US\$ 167.823 million in projects & programme funding.

14. Lease

Under the agreement between the Ministry of Strategy and Finance of the Republic of Korea, The Incheon Metropolitan City of the Republic of Korea and The Green Climate Fund signed on 8th October 2013 Incheon City provides to the Fund the use of premises free of payment of rental for the entire duration of the Fund's operations in Songdo.

15. Related Parties

Related parties include the members of the Board, Board committees, senior management and close family members of the Board, Board committees and senior management. There was no loan to or from related parties outstanding as at 31 December 2015 and 2014. The Fund does not remunerate its Board members.

Remuneration of key management consists of basic salary, health insurance benefit, other benefits and contribution to post-employment pension plan. The remuneration of key management, comprising the Executive Director and members of senior management team, amounted to \$ 2,248 thousand and \$1,191 thousand for the years ended December 31, 2015 and 2014, respectively.
