



GREEN CITY FORCE, INC.

Audited Financial Statements

June 30, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Green City Force, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Green City Force, Inc. ("GCF"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

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 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 from 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 the auditor's 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, the auditor considers 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, 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

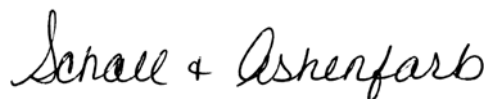
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green City Force, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, GCF adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited GCF’s June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 5, 2019

GREEN CITY FORCE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
(With comparative totals as of June 30, 2018)

	6/30/19	6/30/18
Assets		
Cash and cash equivalents	\$1,069,933	\$677,494
Government grants receivable	342,691	510,284
Contributions receivable	35,043	621,934
Program income receivable	422,435	428,542
Prepaid expenses	57,539	17,412
Security deposit	40,107	34,602
Fixed assets, net (Note 3)	14,613	19,484
 Total assets	 \$1,982,361	 \$2,309,752
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$162,540	\$137,562
Advances payable	298,782	75,000
 Total liabilities	 461,322	 212,562
Net assets:		
Without donor restrictions	1,351,257	1,303,047
With donor restrictions (Note 4)	169,782	794,143
 Total net assets	 1,521,039	 2,097,190
 Total liabilities and net assets	 \$1,982,361	 \$2,309,752

The attached notes and auditor's report are an integral part of these financial statements.

GREEN CITY FORCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/19</u>	<u>Total 6/30/18</u>
Public support and revenue:				
Contributions	\$671,531	\$257,000	\$928,531	\$1,615,638
Government grants	1,549,076		1,549,076	1,225,624
Program fees	2,128,840		2,128,840	2,573,995
Donated goods and in-kind services (Note 6)	40,881		40,881	10,487
Other income	925		925	179
Net assets released from restriction (Note 4)	881,361	(881,361)	0	0
Total public support and revenue	<u>5,272,614</u>	<u>(624,361)</u>	<u>4,648,253</u>	<u>5,425,923</u>
Expenses:				
Program services	4,175,499		4,175,499	4,131,486
Supporting services:				
Management and general	698,600		698,600	453,476
Fundraising	350,305		350,305	218,520
Total supporting services	<u>1,048,905</u>	<u>0</u>	<u>1,048,905</u>	<u>671,996</u>
Total expenses	<u>5,224,404</u>	<u>0</u>	<u>5,224,404</u>	<u>4,803,482</u>
Change in net assets	48,210	(624,361)	(576,151)	622,441
Net assets - beginning of year	1,303,047	794,143	2,097,190	1,474,749
Net assets - end of year	<u>\$1,351,257</u>	<u>\$169,782</u>	<u>\$1,521,039</u>	<u>\$2,097,190</u>

The attached notes and auditor's report are an integral part of these financial statements.

GREEN CITY FORCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Expenses 6/30/19</u>	<u>Total Expenses 6/30/18</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
Salaries	\$2,902,839	\$406,772	\$224,233	\$631,005	\$3,533,844	\$3,381,836
Payroll taxes and benefits	402,769	70,606	46,926	117,532	520,301	474,514
Professional fees	183,613	143,642	50,625	194,267	377,880	126,341
Occupancy	108,499	19,590	10,604	30,194	138,693	140,760
Office supplies and expenses	18,214	9,136	7,609	16,745	34,959	30,102
Communications	15,523	1,139	628	1,767	17,290	16,559
Donated goods and in-kind services (Note 6)	9,048	31,833		31,833	40,881	10,487
Postage and printing	14,924	1,637	1,100	2,737	17,661	13,445
Travel and meals	138,514	713	3,843	4,556	143,070	155,088
Insurance	15,398	2,925	1,612	4,537	19,935	20,089
Membership dues	8,543	1,470	1,466	2,936	11,479	8,503
Direct program expenses	345,656			0	345,656	402,454
Depreciation	3,762	715	394	1,109	4,871	8,229
Miscellaneous	8,197	8,422	1,265	9,687	17,884	15,075
Total	<u>\$4,175,499</u>	<u>\$698,600</u>	<u>\$350,305</u>	<u>\$1,048,905</u>	<u>\$5,224,404</u>	<u>\$4,803,482</u>

The attached notes and auditor's report are an integral part of these financial statements.

GREEN CITY FORCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(With comparative totals for the year ended June 30, 2018)

	<u>6/30/19</u>	<u>6/30/18</u>
Cash flows from operating activities:		
Change in net assets	(\$576,151)	\$622,441
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	4,871	8,229
Changes in assets and liabilities:		
Government grants receivable	167,593	(262,187)
Contributions receivable	586,891	(123,434)
Program income receivable	6,107	(232,707)
Prepaid expenses	(40,127)	(6,355)
Security deposit	(5,505)	(330)
Accounts payable and accrued expenses	24,978	43,280
Advances payable	223,782	75,000
Total adjustments	<u>968,590</u>	<u>(498,504)</u>
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	<u>392,439</u>	<u>123,937</u>
Cash and cash equivalents - beginning of year	<u>677,494</u>	<u>553,557</u>
Cash and cash equivalents - end of year	<u><u>\$1,069,933</u></u>	<u><u>\$677,494</u></u>
Supplemental data:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

GREEN CITY FORCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

Note 1 - Nature of Entity

Green City Force, Inc. (“GCF”) is a corporation organized in 2009 as a not-for-profit in the State of New York. GCF’s mission is to break the cycle of poverty, preparing urban young adults to succeed in their chosen careers by engaging them in service, training and work experiences related to the clean energy economy. In doing so, GCF encourages them to lead socially and environmentally responsible lives. GCF simultaneously addresses three imperatives: unemployment and the lack of prospects for family-supporting careers among low-income youth, changes to the urban environment that must be made to mitigate climate change, and stimulation of the green economy through awareness-raising and individual behavior change.

GCF is working towards a “green city” built on principles of sustainability, social, economic, and environmental justice. GCF views urban young adults as the essential force for driving the emergence of the Green City by doing the important work of transforming their own lives, leading community transformation in their own backyards, and promoting the values of a new, sustainable economy. GCF works toward this vision through their model Clean Energy Corps (the “Corps”) in New York City. The Corps enlists and trains citizens and workers for an inclusive green economy. Corps members reduce greenhouse gas emissions, develop a passion for sustainability and service, stimulate demand for green services, and get on a path to be able to support a family either through work or higher education.

GCF solicits funds from a wide variety of sources including private foundations, businesses, government agencies and individuals.

GCF has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of GCF have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective July 1, 2018, GCF adopted the requirements of the Financial Accounting Standards Board’s (FASB) Accounting Standards Update (“ASU”) No. 2016-14– *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without

donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 7).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation

GCF reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.

c. Cash and Cash Equivalents

GCF considers all liquid investments that have an initial maturity of three months or less to be cash and cash equivalents.

d. Concentration of Credit Risk

Financial instruments which potentially subject GCF to concentration of credit risk consist of cash and money market accounts which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. GCF has not experienced any losses from these accounts due to bank failure.

e. Contributions Receivable

Contributions are recorded at net realizable value if expected to be received within one year or at fair value using risk-adjusted present value techniques, if material and expected to be received after one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions receivable at June 30, 2019 are expected to be received within one year.

Management performs a review to determine if an allowance for bad debts is necessary. That review is based on historical trends, subsequent collections and credit worthiness of each outstanding customer. Based on that review, no allowance for uncollectable pledges has been established.

f. Contributions

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

g. Government Grants

Government grants are recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between revenue recognized and cash received is reflected as government grants receivable or refundable advances.

h. Program Fees and Advances Payable

Income earned under program service agreements is recognized when GCF meets the obligations under the agreements. Advances payable reflect payment made to GCF in advance of work completed under certain program service agreements.

i. Fixed Assets

Purchases of computer equipment and leasehold improvements that exceed predetermined levels are capitalized at cost or at fair value if donated. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset as follows:

Leasehold improvements – *Life of lease*

Vehicles – *3 years*

Computer equipment – *3 years*

j. Donated Goods and In-Kind Services

Donated services that create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind, are recognized at fair value. Donated materials are recorded at estimated fair value. (See Note 6.)

Although GCF receives services from board members and other volunteers, these services do not meet the criteria for recognition as outlined above and have not been recorded.

k. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated using time and effort as the basis:

- Salaries
- Payroll taxes and benefits
- Occupancy
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

m. Comparative Financial Information

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with GCF's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

GCF does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2016 and later are subject to examination by applicable taxing authorities.

o. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through December 5, 2019, the date the financial statements were available to be issued. All adjustments and disclosures for subsequent events have been included in the financial statements

p. New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the June 30, 2020 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

GCF is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Fixed Assets

Property and equipment can be summarized as follows:

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Estimated Useful Lives</u>	<u>Method</u>
Leasehold improvements	\$71,206	\$71,206	<i>Life of Lease</i>	<i>Straight Line</i>
Vehicles	35,053	35,053	<i>3 years</i>	<i>Straight Line</i>
Computer equipment	<u>10,989</u>	<u>10,989</u>	<i>3 years</i>	<i>Straight Line</i>
	117,248	117,248		
Less: accumulated depreciation	<u>(102,635)</u>	<u>(97,764)</u>		
Total	<u>\$14,613</u>	<u>\$19,484</u>		

Note 4 - Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	<u>June 30, 2019</u>			
	<u>Balance 7/1/18</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 6/30/19</u>
Program/purpose restrictions	\$504,143	\$257,000	(\$591,361)	\$169,782
Time restrictions	<u>290,000</u>	<u>0</u>	<u>(290,000)</u>	<u>0</u>
Total	<u>\$794,143</u>	<u>\$257,000</u>	<u>(\$881,361)</u>	<u>\$169,782</u>
	<u>June 30, 2018</u>			
	<u>Balance 7/1/17</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 6/30/18</u>
Program/purpose restrictions	\$919,161	\$200,000	(\$615,018)	\$504,143
Time restrictions	<u>95,000</u>	<u>250,000</u>	<u>(55,000)</u>	<u>290,000</u>
Total	<u>\$1,014,161</u>	<u>\$450,000</u>	<u>(\$670,018)</u>	<u>\$794,143</u>

Note 5 - Commitments

GCF had a lease agreement for office space, which expired on October 31, 2019. Subsequent to year end, the lease was renewed through October 31, 2021. The lease provides for the following annual minimum rental payments:

Year ending:	June 30, 2020	\$111,657
	June 30, 2021	113,891
	June 30, 2022	<u>38,336</u>
Total		<u>\$263,884</u>

On June 28, 2017, GCF obtained a line of credit in the amount of \$100,000. Interest is charged at 2.5% above the prime rate established by the bank. As of June 30, 2019, the line of credit was unused.

Note 6 - Donated Goods and In-Kind Services

In-kind contributions were allocated as follows:

	<u>June 30, 2019</u>			
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Legal	<u>\$9,048</u>	<u>\$31,833</u>	<u>\$0</u>	<u>\$40,881</u>
	<u>June 30, 2018</u>			
	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Legal	<u>\$0</u>	<u>\$10,487</u>	<u>\$0</u>	<u>\$10,487</u>

Note 7 - Availability and Liquidity

The GCF maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. GCF operates its programs within a board approved budget. The following reflects GCF's financial assets at June 30, 2019 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$1,069,933
Government grants receivable	342,691
Contributions receivable	35,043
Program income receivable	<u>422,435</u>
Total financial assets	\$1,870,102
Less amounts not available for general expenditures:	
Donor restricted net assets – program restrictions	<u>(169,782)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,700,320</u>