



Audited Financial Statements

June 30, 2017

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, 2017, 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, 2017, 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.

Report on Summarized Comparative Information

We have previously audited GCF's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

December 4, 2017

GREEN CITY FORCE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2017
(With comparative totals as of June 30, 2016)

	<u>6/30/17</u>	<u>6/30/16</u>
Assets		
Cash and cash equivalents	\$553,557	\$365,238
Government grants receivable	248,097	408,830
Contributions receivable	498,500	1,021,470
Program income receivables	195,835	23,122
Prepaid expenses	11,057	46,425
Security deposit	34,272	13,536
Fixed assets, net (Note 3)	<u>27,713</u>	<u>16,911</u>
 Total assets	 <u><u>\$1,569,031</u></u>	 <u><u>\$1,895,532</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$94,282</u>	<u>\$60,720</u>
 Total liabilities	 <u>94,282</u>	 <u>60,720</u>
Net assets:		
Unrestricted	460,588	422,056
Temporarily restricted (Note 4)	<u>1,014,161</u>	<u>1,412,756</u>
 Total net assets	 <u>1,474,749</u>	 <u>1,834,812</u>
 Total liabilities and net assets	 <u><u>\$1,569,031</u></u>	 <u><u>\$1,895,532</u></u>

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, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/17</u>	<u>Total 6/30/16</u>
Public support and revenue:				
Contributions	\$658,238	\$623,000	\$1,281,238	\$2,540,679
Government grants	1,121,289		1,121,289	901,108
Program fees	583,192		583,192	244,952
Donated goods and in-kind services (Note 7)	77,738		77,738	165,474
Other income	281		281	0
Net assets released from restriction (Note 4)	<u>1,021,595</u>	<u>(1,021,595)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>3,462,333</u>	<u>(398,595)</u>	<u>3,063,738</u>	<u>3,852,213</u>
Expenses:				
Program services	<u>2,792,997</u>		<u>2,792,997</u>	<u>2,149,987</u>
Supporting services:				
Management and general	441,864		441,864	357,345
Fundraising	<u>188,940</u>		<u>188,940</u>	<u>177,374</u>
Total supporting services	<u>630,804</u>	<u>0</u>	<u>630,804</u>	<u>534,719</u>
Total expenses	<u>3,423,801</u>	<u>0</u>	<u>3,423,801</u>	<u>2,684,706</u>
Change in net assets	38,532	(398,595)	(360,063)	1,167,507
Net assets - beginning of year	<u>422,056</u>	<u>1,412,756</u>	<u>1,834,812</u>	<u>667,305</u>
Net assets - end of year	<u><u>\$460,588</u></u>	<u><u>\$1,014,161</u></u>	<u><u>\$1,474,749</u></u>	<u><u>\$1,834,812</u></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, 2017
(With comparative totals for the year ended June 30, 2016)

	Program Services	Supporting Services			Total Expenses 6/30/17	Total Expenses 6/30/16
		Management and General	Fundraising	Total Supporting Services		
Salaries	\$1,855,849	\$289,812	\$144,950	\$434,762	\$2,290,611	\$1,731,232
Payroll taxes and benefits	328,911	51,363	25,690	77,053	405,964	297,059
Professional fees	16,200	56,074	4,612	60,686	76,886	77,388
Occupancy	72,300	10,260	5,131	15,391	87,691	59,923
Office supplies and expenses	22,043	2,232	1,789	4,021	26,064	16,384
Communications	10,999	927	463	1,390	12,389	11,158
Donated goods and in-kind services (Note 7)	62,562	12,367	2,809	15,176	77,738	165,474
Postage and printing	8,914	1,391	696	2,087	11,001	8,921
Travel and meals	117,555	1,471		1,471	119,026	93,885
Insurance	17,302	2,702	1,351	4,053	21,355	18,664
Membership dues		10,219		10,219	10,219	6,410
Direct program expenses	265,217			0	265,217	166,445
Depreciation	10,980	1,715	858	2,573	13,553	28,290
Miscellaneous	4,165	1,331	591	1,922	6,087	3,473
Total	\$2,792,997	\$441,864	\$188,940	\$630,804	\$3,423,801	\$2,684,706

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, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>6/30/17</u>	<u>6/30/16</u>
Cash flows from operating activities:		
Change in net assets	(\$360,063)	\$1,167,507
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	13,553	28,290
Changes in assets and liabilities:		
Government grants receivable	160,733	(180,095)
Contributions receivable	522,970	(870,470)
Program income receivables	(172,713)	10,237
Prepaid expenses	35,368	(23,882)
Security deposit	(20,736)	(1,000)
Accounts payable and accrued expenses	33,562	(8,046)
Due to grantor	0	(83,656)
Total adjustments	<u>572,737</u>	<u>(1,128,622)</u>
Net cash flows provided by operating activities	<u>212,674</u>	<u>38,885</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>(24,355)</u>	<u>0</u>
Net cash flows used for investing activities	<u>(24,355)</u>	<u>0</u>
Net increase in cash and cash equivalents	188,319	38,885
Cash and cash equivalents - beginning of year	<u>365,238</u>	<u>326,353</u>
Cash and cash equivalents - end of year	<u><u>\$553,557</u></u>	<u><u>\$365,238</u></u>
Supplemental data:		
Taxes paid	<u>\$0</u>	<u>\$0</u>
Interest paid	<u>\$0</u>	<u>\$0</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, 2017

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 toward a “green city” rooted in 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 on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

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

- *Unrestricted* – represents all activity without donor-imposed restrictions.
- *Temporarily restricted* – accounts for activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities (see Note 4).

- 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. Contributions receivable are due by June 30, 2018 and 2019 in the amounts of \$458,500 and \$40,000, respectively. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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 recorded as revenue at the earlier of the receipt of cash or when a pledge is considered unconditional in nature. Contributions are recorded in the unrestricted or restricted class of net assets depending on the existence and/or nature of donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Contributions received with restrictions that expire in the same period they are received are reported as unrestricted.
- g. Government Grants
Government grants are recognized as income when a reimbursable expense is incurred. The difference between revenue recognized and cash received is reflected as government grants receivable or refundable advances.
- h. Program Fees
Income earned under program service agreements are recognized when GCF meets the obligations under the 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, or over the life of the lease for leasehold improvements.

j. Donated Goods and 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.

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, 2016, 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, 2014 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 4, 2017, the date the financial statements were available to be issued. Subsequent to year end, GCF entered into a lease extension for its current office space. No other subsequent events require disclosure.

p. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

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, 2021 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

GCF has not yet evaluated the impact these standards will have on future financial statements.

Note 3 - Fixed Assets

Property and equipment can be summarized as follows:

	<u>6/30/17</u>	<u>6/30/16</u>	<u>Estimated Useful Lives</u>	<u>Method</u>
Leasehold improvements	\$71,206	\$71,206	Life of Lease	Straight Line
Vehicles	35,053	10,698	3 years	Straight Line
Computer equipment	<u>10,989</u>	<u>10,989</u>	3 years	Straight Line
	117,248	92,893		
Less: accumulated depreciation	<u>(89,535)</u>	<u>(75,982)</u>		
Total	<u>\$27,713</u>	<u>\$16,911</u>		

Note 4 - Temporarily Restricted Net Assets

The following summarizes the changes in temporarily restricted net assets:

	<u>June 30, 2017</u>			
	<u>Balance 7/1/16</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 6/30/17</u>
Program/purpose restrictions	\$1,142,756	\$473,000	(\$696,595)	\$919,161
Time restrictions	<u>270,000</u>	<u>150,000</u>	<u>(325,000)</u>	<u>95,000</u>
Total	<u>\$1,412,756</u>	<u>\$623,000</u>	<u>(\$1,021,595)</u>	<u>\$1,014,161</u>
	<u>June 30, 2016</u>			
	<u>Balance 7/1/15</u>	<u>Contributions</u>	<u>Released from Restrictions</u>	<u>Balance 6/30/16</u>
Program/purpose restrictions	\$397,763	\$1,267,515	(\$522,522)	\$1,142,756
Time restrictions	<u>73,000</u>	<u>270,000</u>	<u>(73,000)</u>	<u>270,000</u>
Total	<u>\$470,763</u>	<u>\$1,537,515</u>	<u>(\$595,522)</u>	<u>\$1,412,756</u>

Note 5 - Commitments

Upon the expiration of GCF's old lease agreement for office space on September 30, 2016, GCF entered into a new lease extension until October 31, 2019.

The lease provides for the following annual minimum rental payments:

Year ending:	June 30, 2018	76,712
	June 30, 2019	79,013
	June 30, 2020	<u>26,596</u>
Total		<u>\$182,321</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, 2017, the line of credit was unused.

Note 6 - Related Party Transactions

GCF paid \$19,839 to another not-for-profit organization for technical training related to green building operations and energy efficiency in 2016 as part of its Clean Energy Corps program. A former board member is also a board member of that other not-for-profit organization.

After that same board member resigned from the Board of Directors, he contracted with GCF to provide consultation services in the amount of \$10,000 during the year ended June 30, 2016. There was no contract with the board member during the year ended June 30, 2017.

Note 7 - Donated Goods and In-Kind Services

In-kind contributions were allocated as follows:

	<u>June 30, 2017</u>			
		Management and		
	<u>Programs</u>	<u>General</u>	<u>Fundraising</u>	<u>Total</u>
Donated goods	\$36,695	\$0	\$0	\$36,695
Legal	<u>25,867</u>	<u>12,367</u>	<u>2,809</u>	<u>41,043</u>
Total	<u>\$62,562</u>	<u>\$12,367</u>	<u>\$2,809</u>	<u>\$77,738</u>
	<u>June 30, 2016</u>			
		Management and		
	<u>Programs</u>	<u>General</u>	<u>Fundraising</u>	<u>Total</u>
Donated goods	\$123,750	\$0	\$0	\$123,750
Legal	<u>27,949</u>	<u>8,346</u>	<u>5,429</u>	<u>41,724</u>
Total	<u>\$151,699</u>	<u>\$8,346</u>	<u>\$5,429</u>	<u>\$165,474</u>