



**GREEN CITY FORCE, INC.**

Audited Financial Statements

June 30, 2021

## **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, 2021, 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.

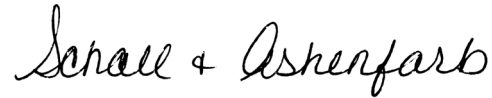
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2021, 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, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

March 7, 2022

**GREEN CITY FORCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2021**  
(With comparative totals as of June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
<b>Assets</b>		
Cash and cash equivalents	\$2,158,105	\$1,820,201
Government grants receivable	440,208	248,586
Contributions receivable	367,579	725,000
Program service fees receivable	103,815	134,167
Prepaid expenses	41,297	38,933
Security deposit	41,230	41,230
Fixed assets, net (Note 3)	<u>0</u>	<u>9,742</u>
 Total assets	 <u><u>\$3,152,234</u></u>	 <u><u>\$3,017,859</u></u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$54,221	\$44,896
Government grant advance	277,333	0
Deferred revenue	0	202,608
Paycheck Protection Program loan (Note 4)	<u>416,118</u>	<u>385,000</u>
 Total liabilities	 <u><u>747,672</u></u>	 <u><u>632,504</u></u>
Net assets:		
Without donor restrictions	1,884,542	1,247,143
With donor restrictions (Note 5)	<u>520,020</u>	<u>1,138,212</u>
 Total net assets	 <u><u>2,404,562</u></u>	 <u><u>2,385,355</u></u>
 Total liabilities and net assets	 <u><u>\$3,152,234</u></u>	 <u><u>\$3,017,859</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, 2021**  
(With comparative totals for the year ended June 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/21</u>	<u>Total 6/30/20</u>
Public support and revenue:				
Contributions	\$890,059	\$455,000	\$1,345,059	\$2,829,607
Government grants:				
Paycheck Protection Program (Note 4)	385,000		385,000	0
Other government grants	1,350,309		1,350,309	1,078,021
Program service fees	424,379		424,379	1,323,770
Donated services	26,086		26,086	57,487
Other income	4,196		4,196	253
Loss on fixed asset disposal	(5,277)		(5,277)	0
Net assets released from restriction (Note 5)	1,073,192	(1,073,192)	0	0
	<u>4,147,944</u>	<u>(618,192)</u>	<u>3,529,752</u>	<u>5,289,138</u>
 Expenses:				
Program services	<u>2,414,822</u>		<u>2,414,822</u>	<u>3,234,807</u>
Supporting services:				
Management and general	755,993		755,993	870,745
Fundraising	339,730		339,730	319,270
Total supporting services	<u>1,095,723</u>	<u>0</u>	<u>1,095,723</u>	<u>1,190,015</u>
	<u>3,510,545</u>	<u>0</u>	<u>3,510,545</u>	<u>4,424,822</u>
 Change in net assets	637,399	(618,192)	19,207	864,316
 Net assets - beginning of year	<u>1,247,143</u>	<u>1,138,212</u>	<u>2,385,355</u>	<u>1,521,039</u>
 Net assets - end of year	<u><u>\$1,884,542</u></u>	<u><u>\$520,020</u></u>	<u><u>\$2,404,562</u></u>	<u><u>\$2,385,355</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, 2021**  
(With comparative totals for the year ended June 30, 2020)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/21	Total Expenses 6/30/20
	Program Services	Management and General	Fundraising			
Salaries	\$1,566,616	\$478,133	\$210,898	\$689,031	\$2,255,647	\$3,113,674
Payroll taxes and benefits	265,453	77,869	50,792	128,661	394,114	470,381
Professional fees	162,110	121,965	52,664	174,629	336,739	299,019
Occupancy	99,083	29,863	12,753	42,616	141,699	157,595
Office supplies and expenses	13,125	7,962	2,387	10,349	23,474	21,851
Communications	11,929	2,432	919	3,351	15,280	18,848
Donated services	16,003	10,083		10,083	26,086	57,487
Postage and printing	4,228	1,573	1,232	2,805	7,033	9,407
Travel and meals	69,444	382	641	1,023	70,467	101,852
Insurance	12,711	5,286	2,430	7,716	20,427	21,920
Membership dues	3,839	2,192	1,131	3,323	7,162	7,811
Program supplies and training	182,443			0	182,443	122,423
Depreciation	2,779	1,155	531	1,686	4,465	4,871
Other expenses	5,059	17,098	3,352	20,450	25,509	17,683
<b>Total</b>	<b>\$2,414,822</b>	<b>\$755,993</b>	<b>\$339,730</b>	<b>\$1,095,723</b>	<b>\$3,510,545</b>	<b>\$4,424,822</b>

*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, 2021**  
(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Cash flows from operating activities:		
Change in net assets	\$19,207	\$864,316
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	4,465	4,871
Loss on fixed asset disposal	5,277	0
Changes in assets and liabilities:		
Government grants receivable	(191,622)	94,105
Contributions receivable	357,421	(689,957)
Program service fees receivable	30,352	288,268
Prepaid expenses	(2,364)	18,606
Security deposit	0	(1,123)
Accounts payable and accrued expenses	9,325	(117,644)
Government grant advance	277,333	0
Deferred revenue	(202,608)	(96,174)
Paycheck Protection Program loan	31,118	385,000
Total adjustments	<u>318,697</u>	<u>(114,048)</u>
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	337,904	750,268
Cash and cash equivalents - beginning of year	<u>1,820,201</u>	<u>1,069,933</u>
Cash and cash equivalents - end of year	<u><u>\$2,158,105</u></u>	<u><u>\$1,820,201</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, 2021**

**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.

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. Revenue Recognition

GCF follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. GCF receives program service fees, which includes workforce training and social enterprise program service fees, that fall under ASC 606. GCF analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price.

GCF recognizes program service fees revenue in the period in which it satisfies the performance obligations by providing services to program participants. Collection of fees for future trainings or services have been recorded as deferred revenue. Fees earned that have not been collected are reflected as program service fees receivable.

GCF follows the requirements of FASB's ASC 958-605 for recording contributions, which 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.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

GCF's government grants have been evaluated and are considered to be conditional contributions under ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Pledges that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk adjusted present value techniques. Long-term pledges are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations.

At year end, all receivables are due in less than one year except for \$75,000 of contributions receivable, which is expected to be collected during the year ended June 30, 2023 and has not been discounted due to the immaterial nature of the discount. Management has reviewed the collectability of all receivables, factoring judgement about the creditworthiness and age of the receivable, as well as historical experience. Based on that evaluation, management has determined that no reserve for doubtful accounts is warranted.

d. 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.

e. Concentration of Credit Risk

Financial instruments which potentially subject GCF to a 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 and at year end, balances may exceed federally insured limits. GCF has not experienced any losses from these accounts due to bank failure.

f. 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*

g. Donated 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.

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.

h. 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.

i. 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.

- j. Summarized 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, 2020, from which the summarized information was derived.
- k. 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, 2018 and later are subject to examination by applicable taxing authorities.
- l. New Accounting Pronouncements  
 FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.
- FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 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**

Fixed assets can be summarized as follows:

	<u>6/30/21</u>	<u>6/30/20</u>
Leasehold improvements	\$71,206	\$71,206
Vehicles	10,698	35,053
Computer equipment	<u>10,989</u>	<u>10,989</u>
	92,893	117,248
Less: accumulated depreciation	<u>(92,893)</u>	<u>(107,506)</u>
Total fixed assets, net	<u>\$0</u>	<u>\$9,742</u>

**Note 4 - Paycheck Protection Program Loan**

During the year ended June 30, 2020, GCF obtained a loan from the Small Business Administration ("SBA") in the amount of \$385,000 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were not less than predetermined historical periods, that the loan, or a portion thereof, would be forgiven.

GCF accounts for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended June 30, 2021, GCF met all conditions for forgiveness and recognized the loan as revenue. In addition, GCF was notified that full forgiveness was approved by the SBA.

During the year ended June 30, 2021, GCF obtained a second PPP loan from the SBA in the amount of \$416,118. Terms of the second loan are the same as described above. The loan forgiveness amount has not been determined as of the date of these financial statements; however, GCF will recognize revenue from this loan consistent with the method used for the first loan.

**Note 5 - Net Assets With Donor Restrictions**

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

	<u>June 30, 2021</u>			
	Balance		Released	Balance
	<u>7/1/20</u>	<u>Contributions</u>	from <u>Restrictions</u>	<u>6/30/21</u>
Program/purpose restrictions:				
Service Corps	\$588,212	\$255,000	(\$548,192)	\$295,020
Time restrictions	<u>550,000</u>	<u>200,000</u>	<u>(525,000)</u>	<u>225,000</u>
Total	<u>\$1,138,212</u>	<u>\$455,000</u>	<u>(\$1,073,192)</u>	<u>\$520,020</u>

	<u>June 30, 2020</u>			
	Balance		Released	Balance
	<u>7/1/19</u>	<u>Contributions</u>	from <u>Restrictions</u>	<u>6/30/20</u>
Program/purpose restrictions:				
Service Corps	\$169,782	\$856,500	(\$438,070)	\$588,212
Time restrictions	<u>0</u>	<u>1,075,000</u>	<u>(525,000)</u>	<u>550,000</u>
Total	<u>\$169,782</u>	<u>\$1,931,500</u>	<u>(\$963,070)</u>	<u>\$1,138,212</u>

**Note 6 - Commitments**

GCF had a lease agreement for office space, which expired on October 31, 2021. Subsequent to year end, the lease was renewed through October 31, 2023.

The lease provides for the following annual minimum rental payments:

Year ending:	June 30, 2022	\$115,007
	June 30, 2023	117,307
	June 30, 2024	<u>39,486</u>
	Total	<u>\$271,800</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, 2021 and 2020, the line of credit was unused.

**Note 7 - Availability and Liquidity**

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, 2021 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$2,158,105
Government grants receivable	440,208
Contributions receivable	367,579
Program service fees receivable	<u>103,815</u>
Total	\$3,069,707
Less amounts not available for general expenditures:	
Donor restricted net assets for future programs	<u>(370,020)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,699,687</u>

**Note 8 - Other Matters**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which GCF operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.

**Note 9 - Subsequent Events**

Subsequent events have been evaluated through March 7, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.