



GREEN CITY FORCE, INC.

Audited Financial Statements

June 30, 2020

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, 2020, 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.

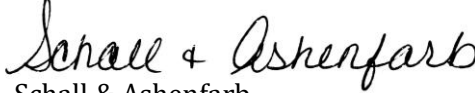
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2020, 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, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

April 28, 2021

GREEN CITY FORCE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
(With comparative totals as of June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Assets		
Cash and cash equivalents	\$1,820,201	\$1,069,933
Government grants receivable	248,586	342,691
Contributions receivable	725,000	35,043
Program service fees receivable	134,167	422,435
Prepaid expenses	38,933	57,539
Security deposit	41,230	40,107
Fixed assets, net (Note 3)	<u>9,742</u>	<u>14,613</u>
 Total assets	 <u><u>\$3,017,859</u></u>	 <u><u>\$1,982,361</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$44,896	\$162,540
Advances payable	202,608	298,782
Paycheck Protection Program loan (Note 4)	<u>385,000</u>	<u>0</u>
 Total liabilities	 <u><u>632,504</u></u>	 <u><u>461,322</u></u>
Net assets:		
Without donor restrictions	1,247,143	1,351,257
With donor restrictions (Note 5)	<u>1,138,212</u>	<u>169,782</u>
 Total net assets	 <u><u>2,385,355</u></u>	 <u><u>1,521,039</u></u>
 Total liabilities and net assets	 <u><u>\$3,017,859</u></u>	 <u><u>\$1,982,361</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, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/20</u>	<u>Total 6/30/19</u>
Public support and revenue:				
Contributions	\$898,107	\$1,931,500	\$2,829,607	\$928,531
Government grants	1,078,021		1,078,021	1,549,076
Program service fees	1,323,770		1,323,770	2,128,840
In-kind professional fees	57,487		57,487	40,881
Other income	253		253	925
Net assets released from restriction (Note 5)	963,070	(963,070)	0	0
Total public support and revenue	<u>4,320,708</u>	<u>968,430</u>	<u>5,289,138</u>	<u>4,648,253</u>
Expenses:				
Program services	<u>3,234,807</u>		<u>3,234,807</u>	<u>4,175,499</u>
Supporting services:				
Management and general	870,745		870,745	698,600
Fundraising	319,270		319,270	350,305
Total supporting services	<u>1,190,015</u>	<u>0</u>	<u>1,190,015</u>	<u>1,048,905</u>
Total expenses	<u>4,424,822</u>	<u>0</u>	<u>4,424,822</u>	<u>5,224,404</u>
Change in net assets	(104,114)	968,430	864,316	(576,151)
Net assets - beginning of year	<u>1,351,257</u>	<u>169,782</u>	<u>1,521,039</u>	<u>2,097,190</u>
Net assets - end of year	<u><u>\$1,247,143</u></u>	<u><u>\$1,138,212</u></u>	<u><u>\$2,385,355</u></u>	<u><u>\$1,521,039</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, 2020
(With comparative totals for the year ended June 30, 2019)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/20	Total Expenses 6/30/19*
	Program Services	Management and General	Fundraising			
Salaries	\$2,330,575	\$558,146	\$224,953	\$783,099	\$3,113,674	\$3,533,844
Payroll taxes and benefits	321,195	105,494	43,692	149,186	470,381	520,301
Professional fees	149,696	121,373	27,950	149,323	299,019	377,880
Occupancy	116,042	29,617	11,936	41,553	157,595	154,767
Office supplies and expenses	13,776	5,826	2,249	8,075	21,851	34,959
Communications	15,625	2,352	871	3,223	18,848	17,290
In-kind legal fees	27,515	29,972		29,972	57,487	40,881
Postage and printing	6,455	2,055	897	2,952	9,407	17,661
Travel and meals	98,546	2,021	1,285	3,306	101,852	143,070
Insurance	15,260	4,747	1,913	6,660	21,920	19,935
Membership dues	5,201	1,385	1,225	2,610	7,811	11,479
Program supplies and training	122,423			0	122,423	329,582
Depreciation	3,391	1,055	425	1,480	4,871	4,871
Other expenses	9,107	6,702	1,874	8,576	17,683	17,884
Total	\$3,234,807	\$870,745	\$319,270	\$1,190,015	\$4,424,822	\$5,224,404

* Reclassified for comparative purposes

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, 2020
(With comparative totals for the year ended June 30, 2019)

	6/30/20	6/30/19
Cash flows from operating activities:		
Change in net assets	\$864,316	(\$576,151)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	4,871	4,871
Changes in assets and liabilities:		
Government grants receivable	94,105	167,593
Contributions receivable	(689,957)	586,891
Program service fees receivable	288,268	6,107
Prepaid expenses	18,606	(40,127)
Security deposit	(1,123)	(5,505)
Accounts payable and accrued expenses	(117,644)	24,978
Advances payable	(96,174)	223,782
Paycheck Protection Program loan	385,000	0
Total adjustments	(114,048)	968,590
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	750,268	392,439
Cash and cash equivalents - beginning of year	1,069,933	677,494
Cash and cash equivalents - end of year	\$1,820,201	\$1,069,933
Supplemental data:		
Interest and taxes paid	\$0	\$0

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, 2020

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, 2019, GCF adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, GCF adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, GCF evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, GCF applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both standards resulted in no significant changes in the way GCF recognizes revenue.

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 has adopted Topic 606 using the modified retrospective method applied to all contracts after July 1, 2019 and continues to use legacy GAAP for all contracts before July 1, 2019.

GCF receives program service fees, which includes workforce training and social enterprise program service fees that fall under Topic 606 and have been included in the statement of activities. 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.

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.

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 \$25,000 of contributions receivable which is expected to be collected during the year ended June 30, 2022 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.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 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 are primarily conditional, non-exchange transactions and fall under Topic 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.

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 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. In-Kind Professional Fees

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, 2019, 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, 2017 and later are subject to examination by applicable taxing authorities.

l. New Accounting Pronouncements

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.

FASB issued 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 with early adoption permitted. 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.

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>6/30/20</u>	<u>6/30/19</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>(107,506)</u>	<u>(102,635)</u>		
Total	<u>\$9,742</u>	<u>\$14,613</u>		

Note 4 - Paycheck Protection Program Loan

During the year ended June 30, 2020, GCF obtained a loan from the SBA in the amount of \$385,000 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, that the loan or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period and interest will accrue at 1%. GCF believes it has spent all of the loan proceeds in accordance with the terms of the PPP loan program and expects to have the loan forgiven during the 2021 fiscal year.

GCF expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution.

Note 5 - Net Assets With Donor Restrictions

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

	<u>June 30, 2020</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>7/1/19</u>	<u>Contributions</u>	<u>from</u>	<u>6/30/20</u>
			<u>Restrictions</u>	
Program/purpose restrictions	\$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>

	June 30, 2019			
	Balance <u>7/1/18</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>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>

Note 6 - Commitments

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

Year ending:	June 30, 2021	\$113,891
	June 30, 2022	<u>38,336</u>
Total		<u>\$152,227</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, 2020 and 2019, 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, 2020 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$1,820,201
Government grants receivable	248,586
Contributions receivable	725,000
Program service fees receivable	<u>134,167</u>
Total financial assets	\$2,927,954
Less amounts not available for general expenditures:	
Donor restricted net assets	<u>(613,212)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,314,742</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. It is unknown how long these conditions will last and what the complete financial effect will be. 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

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through April 28, 2021, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.