



GREEN CITY FORCE, INC.

Audited Financial Statements

June 30, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Green City Force, Inc. ("GCF"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GCF as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GCF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GCF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

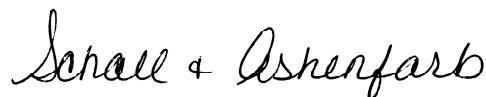
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 GCF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GCF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited GCF's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

December 12, 2022

GREEN CITY FORCE, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022
(With comparative totals as of June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21*</u>
Assets		
Cash and cash equivalents	\$2,187,265	\$2,158,105
Government grants receivable	390,520	420,208
Contributions receivable, net (Note 3)	1,072,738	367,579
Program service fees receivable	1,246,096	103,815
Prepaid expenses	51,894	61,297
Security deposit	36,505	41,230
Fixed assets, net (Note 4)	<u>32,725</u>	<u>0</u>
 Total assets	 <u><u>\$5,017,743</u></u>	 <u><u>\$3,152,234</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$102,979	\$54,221
Government grant advance	0	277,333
Paycheck Protection Program loan (Note 5)	<u>0</u>	<u>416,118</u>
 Total liabilities	 <u>102,979</u>	 <u>747,672</u>
Net assets:		
Without donor restrictions	3,172,374	1,884,542
With donor restrictions (Note 6)	<u>1,742,390</u>	<u>520,020</u>
 Total net assets	 <u>4,914,764</u>	 <u>2,404,562</u>
 Total liabilities and net assets	 <u><u>\$5,017,743</u></u>	 <u><u>\$3,152,234</u></u>

*Restated for comparative purposes

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

GREEN CITY FORCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/22	Total 6/30/21
Public support and revenue:				
Contributions	\$1,029,922	\$2,133,747	\$3,163,669	\$1,345,059
Government grants:				
Paycheck Protection Program (Note 5)	416,118		416,118	385,000
Other government grants	1,206,003		1,206,003	1,350,309
Program service fees	2,716,975		2,716,975	424,379
Donated services	33,133		33,133	26,086
Other income	12,564		12,564	4,196
Loss on fixed asset disposal	0		0	(5,277)
Net assets released from restriction (Note 6)	911,377	(911,377)	0	0
Total public support and revenue	6,326,092	1,222,370	7,548,462	3,529,752
Expenses:				
Program services	3,814,693		3,814,693	2,414,822
Supporting services:				
Management and general	895,411		895,411	755,993
Fundraising	328,156		328,156	339,730
Total supporting services	1,223,567	0	1,223,567	1,095,723
Total expenses	5,038,260	0	5,038,260	3,510,545
Change in net assets	1,287,832	1,222,370	2,510,202	19,207
Net assets - beginning of year	1,884,542	520,020	2,404,562	2,385,355
Net assets - end of year	\$3,172,374	\$1,742,390	\$4,914,764	\$2,404,562

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

GREEN CITY FORCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/22	Total Expenses 6/30/21
	Program Services	Management and General	Fundraising			
Salaries	\$2,686,411	\$573,506	\$208,676	\$782,182	\$3,468,593	\$2,255,647
Payroll taxes and benefits	364,570	91,666	50,211	141,877	506,447	394,114
Professional fees	81,123	129,473	26,947	156,420	237,543	336,739
Occupancy	100,856	30,935	11,256	42,191	143,047	141,699
Office supplies and expenses	18,845	13,581	5,394	18,975	37,820	23,474
Communications	11,374	2,284	650	2,934	14,308	15,280
Donated services	12,912	20,139	82	20,221	33,133	26,086
Postage and printing	4,427	1,025	372	1,397	5,824	7,033
Travel and meals	83,404	6,912	14,616	21,528	104,932	70,467
Insurance	15,793	5,272	1,917	7,189	22,982	20,427
Membership dues	6,605	377	534	911	7,516	7,162
Program supplies and training	418,124			0	418,124	182,443
Depreciation		1,925		1,925	1,925	4,465
Other expenses	10,249	18,316	7,501	25,817	36,066	25,509
Total	\$3,814,693	\$895,411	\$328,156	\$1,223,567	\$5,038,260	\$3,510,545

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

GREEN CITY FORCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Cash flows from operating activities:		
Change in net assets	\$2,510,202	\$19,207
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Paycheck Protection Program loan forgiveness	(416,118)	(385,000)
Depreciation	1,925	4,465
Loss on fixed asset disposal	0	5,277
Changes in assets and liabilities:		
Government grants receivable	29,688	(191,622)
Contributions receivable	(705,159)	357,421
Program service fees receivable	(1,142,281)	30,352
Prepaid expenses	9,403	(2,364)
Security deposit	4,725	0
Accounts payable and accrued expenses	48,758	9,325
Government grant advance	(277,333)	277,333
Paycheck Protection Program loan	0	416,118
Deferred revenue	0	(202,608)
Total adjustments	<u>(2,446,392)</u>	<u>318,697</u>
Net cash flows provided by operating activities	63,810	337,904
Cash flows from investing activities:		
Purchase of fixed assets	(34,650)	0
Net cash flows used for investing activities	<u>(34,650)</u>	<u>0</u>
Net increase in cash and cash equivalents	29,160	337,904
Cash and cash equivalents - beginning of year	<u>2,158,105</u>	<u>1,820,201</u>
Cash and cash equivalents - end of year	<u><u>\$2,187,265</u></u>	<u><u>\$2,158,105</u></u>
Supplemental data:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

GREEN CITY FORCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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") 958-606 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 958-606. 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.

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, 2021, 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, 2019 and later are subject to examination by applicable taxing authorities.
- l. New Accounting Pronouncement
FASB issued Accounting Standards Update ("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 this standard will have on future financial statements.

Note 3 - Contributions Receivable

Contributions receivable are anticipated to be collected in the following periods:

		<u>6/30/22</u>	<u>6/30/21</u>
Year ending:	June 30, 2022	\$0	\$292,579
	June 30, 2023	668,567	75,000
	June 30, 2024	383,434	0
	June 30, 2025	4,950	0
	June 30, 2026	4,783	0
	June 30, 2027	4,603	0
	Thereafter	<u>24,601</u>	<u>0</u>
		1,090,938	367,579
Less: present value discount (at a rate of 3.14%)		<u>(18,200)</u>	<u>0</u>
Total		<u>\$1,072,738</u>	<u>\$367,579</u>

Note 4 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/22</u>	<u>6/30/21</u>
Leasehold improvements	\$71,206	\$71,206
Vehicles	10,698	10,698
Computer equipment	<u>45,639</u>	<u>10,989</u>
	127,543	92,893
Less: accumulated depreciation	<u>(94,818)</u>	<u>(92,893)</u>
Total fixed assets, net	<u>\$32,725</u>	<u>\$0</u>

Note 5 - Paycheck Protection Program Loan

On April 28, 2020 and March 24, 2021, GCF obtained loans from the U.S. Small Business Administration (“SBA”) in the amount of \$385,000 and \$416,118, respectively, through the Paycheck Protection Program (“PPP”). Terms of the loans indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

GCF accounts for the PPP loan as a contribution in accordance with FASB ASC 958-605 as it is considered to have traits similar to a conditional contribution. For the first loan, all conditions had been met during the year ended June 30, 2021 and revenue in the amount of \$385,000 was recognized during the year then ended. For the second loan, all conditions have been met during the year ended June 30, 2022 and revenue in the amount of \$416,118 has been recognized for the year then ended. Full forgiveness was approved by the SBA in April 2021 for the first PPP loan and in December 2021 for the second PPP loan.

Note 6 - Net Assets With Donor Restrictions

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

	June 30, 2022			
	Balance <u>7/1/21</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>6/30/22</u>
Program/purpose restrictions:				
Urban Agriculture & Farm	\$285,020	\$250,000	(\$248,148)	\$286,872
Career Pathways & Services	10,000	140,000	(20,365)	129,635
Service Corps	0	225,000	0	225,000
Apprenticeship Program	0	150,000	(4,348)	145,652
Tree Inventory	<u>0</u>	<u>100,000</u>	<u>(57,507)</u>	<u>42,493</u>
Total program/purpose	295,020	865,000	(330,368)	829,652
Time restrictions	<u>225,000</u>	<u>1,268,747</u>	<u>(581,009)</u>	<u>912,738</u>
Total	<u>\$520,020</u>	<u>\$2,133,747</u>	<u>(\$911,377)</u>	<u>\$1,742,390</u>

	June 30, 2021			
	Balance <u>7/1/20</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>6/30/21</u>
Program/purpose restrictions:				
Urban Agriculture & Farm	\$588,212	\$245,000	(\$548,192)	\$285,020
Career Pathways & Services	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total program/purpose	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>

Note 7 - Commitments

GCF has a lease agreement for office space, which expires on October 31, 2023.

The lease provides for the following annual minimum rental payments:

Year ending:	June 30, 2023	\$117,307
	June 30, 2024	<u>39,486</u>
	Total	<u>\$156,793</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, 2022 and 2021, the line of credit was unused.

Note 8 - Retirement Plan

Subsequent to year end on July 15, 2022, GCF began to offer a 403(b) retirement plan. All employees who work in excess of 20 hours per week with a minimum of 1,000 total hours of service are eligible to participate. Employees who participate in the plan may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. GCF can make a discretionary annual employer contribution for each participating employee. As the plan did not commence until after year end, there were no discretionary employer contributions for the years ended June 30, 2022 and 2021.

Note 9 - 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, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	\$2,187,265	
Government grants receivable	390,520	
Contributions receivable	1,072,738	
Program service fees receivable	<u>1,246,096</u>	
Total		\$4,896,619
Less amounts not available for general expenditures:		
Donor restricted net assets for future programs		(829,652)
Time restricted contributions receivable due in over one year		<u>(422,371)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$3,644,596</u>

Note 10 - 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 11 - Subsequent Events

Subsequent events have been evaluated through December 12, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.