



# **GREEN OPPORTUNITIES, INC.**

Asheville, North Carolina

Financial Statements

Year Ended June 30, 2017

**GREEN OPPORTUNITIES, INC.**

OFFICERS

Chip Howell  
Dewana Little  
Rachel Larson  
Reese Huffman

Co-Chair  
Interim Co-Chair  
Treasurer  
Secretary

BOARD OF DIRECTORS

Brenda Gernandt  
Tyrone Greenlee  
Bridget Herring  
Chip Howell  
Reese Huffman

Jonathan Hunter  
Rachel Larson  
Matt Lee  
Dewana Little  
Sherman Williams

EXECUTIVE DIRECTOR

Joseph Hackett

**GREEN OPPORTUNITIES, INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Green Opportunities, Inc.

We have audited the accompanying financial statements of Green Opportunities, Inc. (a nonprofit organization), 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.

### **Auditors' 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

To the Board of Directors  
Green Opportunities, Inc.  
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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green Opportunities, 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 previously audited Green Opportunities, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 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.



Asheville, North Carolina  
February 8, 2018

**GREEN OPPORTUNITIES, INC.**

Statement of Financial Position  
June 30, 2017  
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
<b>Assets</b>		
Current assets:		
Cash and equivalents	\$ 8,133	\$ 27,994
Grants and contracts receivable	120,516	278,946
Service fees receivable	31,737	16,614
Other receivables	12,741	9,397
Inventory	1,140	1,147
Prepaid expenses	5,790	6,790
Assets held for sale	<u>6,851</u>	<u>129,800</u>
Total current assets	186,908	470,688
 Property and equipment	 <u>158,797</u>	 <u>166,470</u>
 Total assets	 <u>\$ 345,705</u>	 <u>\$ 637,158</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Line of credit	\$ 75,000	\$ 72,004
Current maturities of long-term debt	2,364	
Accounts payable	60,244	26,303
Payroll liabilities	<u>46,142</u>	<u>34,360</u>
Total current liabilities	<u>183,750</u>	<u>132,667</u>
 Long-term debt, net of current maturities	 <u>11,878</u>	 <u>          </u>
 Total liabilities	 <u>195,628</u>	 <u>132,667</u>
 Net Assets:		
Unrestricted:		
Undesignated	(205,831)	
Board designated	1,099	2,455
Investment in property and equipment	<u>144,555</u>	<u>166,470</u>
Total unrestricted	(60,177)	168,925
Temporarily restricted	<u>210,254</u>	<u>335,566</u>
Total net assets	<u>150,077</u>	<u>504,491</u>
 Total liabilities and net assets	 <u>\$ 345,705</u>	 <u>\$ 637,158</u>

The accompanying notes are an integral part of the financial statements.

**GREEN OPPORTUNITIES, INC.**

Statement of Activities  
Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>Support and revenue</b>				
Grants and contracts	\$ 370,768	\$	\$ 370,768	\$ 290,165
Fees for services	114,395		114,395	157,017
Foundation and grant awards	149,369	59,531	208,900	249,217
Contributions	44,276		44,276	47,264
Enterprise revenue, net of costs	137,473		137,473	104,792
United Way		44,235	44,235	50,264
Special events	4,870		4,870	
In-kind contributions	130,078		130,078	129,539
Other income	24,031		24,031	5,347
Net assets released from restrictions	229,078	(229,078)		
Total support and revenues	1,204,338	(125,312)	1,079,026	1,033,605
<b>Expenses</b>				
Program services:				
Training and placement	536,919		536,919	499,288
Social enterprises	191,353		191,353	185,799
Total program services	728,272		728,272	685,087
Management and general	470,724		470,724	357,653
Fundraising	89,243		89,243	76,889
Provision for bad debts	4,358		4,358	5,037
Total expenses	1,292,597		1,292,597	1,124,666
<b>Other gains (losses)</b>				
Gain (loss) on disposal of property and equipment	(17,894)		(17,894)	90
Loss on assets held for sale	(76,929)		(76,929)	
Impairment loss on assets held for sale	(46,020)		(46,020)	
Total other losses	(140,843)		(140,843)	90
Decrease in net assets	(229,102)	(125,312)	(354,414)	(90,971)
Net assets, beginning of year	168,925	335,566	504,491	595,462
Net assets, end of year	\$ (60,177)	\$ 210,254	\$ 150,077	\$ 504,491

The accompanying notes are an integral part of the financial statements.

## GREEN OPPORTUNITIES, INC.

Statement of Functional Expenses  
Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	Program Services			Supporting Services			2017 Total	2016 Total
	Training and Placement	Social Enterprises	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Participant earnings	\$ 113,283	\$ 18,268	\$ 131,551	\$	\$ 40	\$ 40	\$ 131,591	\$ 150,695
Staff salaries	238,218	40,862	279,080	166,386	62,074	228,460	507,540	482,618
Staff health allowance	3,192		3,192	1,582	462	2,044	5,236	3,670
Payroll taxes	30,826	4,307	35,133	18,459	6,144	24,603	59,736	63,354
Workers' compensation	<u>10,200</u>	<u>659</u>	<u>10,859</u>	<u>1,729</u>	<u>492</u>	<u>2,221</u>	<u>13,080</u>	<u>11,311</u>
Total personnel costs	395,719	64,096	459,815	188,156	69,212	257,368	717,183	711,648
Fees and licenses	281	300	581	3,741	3,036	6,777	7,358	6,954
Insurance				14,257		14,257	14,257	12,764
Miscellaneous expenses	8,134	1,040	9,174	9,344	5,695	15,039	24,213	21,083
Occupancy	1,563		1,563	130,255	508	130,763	132,326	118,700
Office expenses	343	316	659	12,322	472	12,794	13,453	11,518
Professional development	4,769	1,473	6,242	8,293	1,155	9,448	15,690	6,604
Professional fees	6,515	2,909	9,424	58,562	1,301	59,863	69,287	36,948
Contracted services	49,616	49,567	99,183	36,276		36,276	135,459	42,770
Supplies and job materials	45,545	35,412	80,957	993	5,296	6,289	87,246	87,608
Training certification fees	18,786	80	18,866				18,866	16,302
Travel	<u>2,637</u>	<u>1,101</u>	<u>3,738</u>	<u>728</u>	<u>2,568</u>	<u>3,296</u>	<u>7,034</u>	<u>3,380</u>
Total expenses before depreciation and interest	533,908	156,294	690,202	462,927	89,243	552,170	1,242,372	1,076,279
Depreciation	3,011	35,059	38,070	1,919		1,919	39,989	40,367
Interest				5,878		5,878	5,878	2,983
Total expenses	<u>\$ 536,919</u>	<u>\$ 191,353</u>	<u>\$ 728,272</u>	<u>\$ 470,724</u>	<u>\$ 89,243</u>	<u>\$ 559,967</u>	<u>\$ 1,288,239</u>	<u>\$ 1,119,629</u>

The accompanying notes are an integral part of the financial statements.



**GREEN OPPORTUNITIES, INC.**

Statement of Cash Flows  
Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	2017	2016
<b>Cash flows from operating activities</b>		
Decrease in net assets	\$ (354,414)	\$ (90,971)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	39,989	40,367
Donated property and equipment		(2,708)
Provision for bad debts	4,358	5,037
Loss on disposal of property and equipment	17,894	(90)
Loss on disposal of assets held for sale	76,929	
Impairment loss on assets held for sale	46,020	
Changes in working capital - sources (uses):		
Grants and contracts receivable	158,430	(17,311)
Service fees receivable	(19,481)	1,488
Other receivables	(3,344)	(6,502)
Inventory	7	(86)
Prepaid expenses	1,000	(2,855)
Accounts payable	33,941	(25,335)
Payroll liabilities	11,782	(2,435)
Net cash provided (used) by operating activities	13,111	(101,401)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property and equipment	2,000	900
Purchase of property and equipment	(37,968)	(2,088)
Net cash used by investing activities	(35,968)	(1,188)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	32,996	100,000
Repayment of short-term borrowings	(30,000)	(27,996)
Principal payments on long-term debt		(1,722)
Net cash provided by financing activities	2,996	70,282
Net decrease in cash and equivalents	(19,861)	(32,307)
Cash and equivalents at beginning of year	27,994	60,301
Cash and equivalents at end of year	\$ 8,133	\$ 27,994
<b>Schedule of noncash investing and financing activities</b>		
Property purchased through issuance of debt	\$ 14,242	\$
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 5,878	\$ 2,983

The accompanying notes are an integral part of the financial statements.

## GREEN OPPORTUNITIES, INC.

Notes to Financial Statements  
June 30, 2017

### Note 1 - Summary of Significant Accounting Policies

#### Organization

Green Opportunities, Inc. (Organization) was incorporated on May 27, 2009, as a nonprofit corporation. The Organization connects youth and adults from low-wealth neighborhoods to sustained employment opportunities that support families and improve community and environmental health. Through the programs indicated below, the Organization prepares people for meaningful jobs in the Western North Carolina.

**Training and Placement Programs:** These provide technical job training and placement services that feature life skills training, basic education, and case management.

**Social Enterprises:** These operate to create living-wage jobs, generate program-supporting revenues, and to provide additional on-the-job training.

#### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Income Tax Status

The Organization is incorporated as a nonprofit corporation under the laws of the State of North Carolina. The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization other than a private foundation under section 509(a)(2). It has been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

#### Basis of Presentation

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present net assets, revenues, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified as follows:

- *Unrestricted net assets:* Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets:* Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or passage of time.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

### Basis of Presentation (continued)

- *Permanently restricted net assets:* Net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Generally, the donors of these assets permit the Organization to use part or all of the earnings on the related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed stipulations. Support and revenue that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. Expenses are recorded as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

### Donated Assets

Donated materials are recorded as contributions in the accompanying financial statements at their fair value at the date of donation.

### Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization has recognized contributions for donated services as described in Note 10.

### Cash and Equivalents

For the purposes of the statement of cash flows, the Organization considers all cash and short-term investments with original maturities of three months or less to be cash equivalents.

### Grants and Contracts Receivable

Grants and contracts receivable consist of amounts due from agencies for service fees and for grants awarded by local and governmental agencies but not yet received as of year-end. An allowance for doubtful accounts has not been established, as management believes that all amounts are collectible.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

### Service Fees and Other Receivables

Service fees and other receivables are amounts billed to customers for services performed before year-end and are payable upon receipt. Additionally, management uses the direct write-off method for bad debts, as the results historically have approximated the amount as prescribed by generally accepted accounting principles.

### Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of assets ranging from three to twenty years.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

### Functional Allocation of Expenses

The costs of providing various program and supporting activities are summarized on a functional basis in the statement of activities and functional expenses. Accordingly, all costs have been allocated among the program and supporting services benefitted.

### 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 the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The Organization regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

### Fair Value of Financial Instruments

The fair value of substantially all reported assets and liabilities, which represent financial instruments, none of which are held for trading purposes, approximate the carrying values of such amounts.

## **Note 1 - Summary of Significant Accounting Policies (continued)**

### 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

### Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

### Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which amended the existing accounting standards for revenue recognition. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2018. The Organization is currently in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 is intended to improve financial reporting about leasing transactions. The ASU will require companies that lease assets to recognize assets and liabilities on the statement of financial position for the rights and obligations created by those leases. The standard will be effective for annual periods ending after December 15, 2019. Early adoption is permitted. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). ASU 2016-14 is intended to improve not-for-profit (NFP) financial statements and provide more useful information to donors, grantors, creditors, and other financial statement users. The standard will change the way all NFPs classify net assets and prepare financial statements, and will result in significant changes to financial reporting and disclosures for NFPs. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

## **Note 2 - Restrictions on Assets**

Temporarily restricted net assets are available for the following purposes:

<u>At June 30</u>	<u>2017</u>	<u>2016</u>
Time restricted grants	\$ 55,000	\$ 100,000
Internships	16,765	50,875
Catering vehicle	22,991	
GO Build	27,681	
Green jobs training		25,000
Edington Center equipment	1,856	1,856
Social enterprises	5,478	5,478
Built environment	33,713	22,125
Kitchen ready	26,693	50,044
Training and placement	<u>20,077</u>	<u>80,188</u>
<u>Temporarily restricted net assets</u>	<u>\$ 210,254</u>	<u>\$ 335,566</u>

## **Note 3 - Grants and Contracts Receivable**

Grants and contracts receivable consisted of the following:

<u>At June 30</u>	<u>2017</u>	<u>2016</u>
Amy Mandel and Katina Rodis Fund	\$	\$ 37,462
Buncombe County		8,131
City of Asheville		224
Kresge Foundation		75,000
Mountain Area Workforce Development Board	9,961	7,968
North Carolina Community Foundation	5,000	
United Way	44,235	49,943
U.S. Department of Health and Human Services	5,731	
Z. Smith Reynolds	50,000	100,000
Other	<u>5,589</u>	<u>218</u>
<u>Grants and contracts receivable</u>	<u>\$ 120,516</u>	<u>\$ 278,946</u>

#### **Note 4 - Property and Equipment**

A description of property and equipment is as follows:

<u>At June 30</u>	<u>2017</u>	<u>2016</u>
Office equipment and furniture	\$ 37,721	\$ 39,946
Farm equipment	2,087	2,587
Kitchen equipment	172,041	206,266
Vehicles	<u>66,475</u>	<u>19,264</u>
	278,324	268,063
Less, accumulated depreciation	<u>(119,527)</u>	<u>(101,593)</u>
<u>Property and equipment</u>	<u>\$ 158,797</u>	<u>\$ 166,470</u>

Depreciation expense for the years ended June 30, 2017 and 2016, was \$39,989 and \$40,367, respectively.

#### **Note 5 - Assets Held for Sale**

Assets held for sale consist of solar panels which were donated to the Organization in 2014. These solar panels were previously intended for future use, then were reclassified as held for sale during the year ended June 30, 2017. The Organization sold most of the solar panels during the year ended June 30, 2017, and received proceeds of \$23,175. The Organization intends to sell the remaining solar panels. An impairment loss was recognized on the remaining solar panels, as discussed in Note 14. The balance of assets held for sale at June 30, 2017 and 2016, was \$6,851 and \$129,800, respectively.

#### **Note 6 - Line of Credit**

The Organization maintains a line of credit with a bank to meet short-term working capital needs. Maximum borrowings on this line of credit are \$75,000. The line of credit has an interest rate of 5% and is due the earlier of on demand or February 2020. As of June 30, 2017 and 2016, the balance on the line of credit was \$75,000 and \$72,004, respectively.

#### **Note 7 - Long-Term Debt**

The Organization held a note payable to HomeTrust bank dated January 9, 2013, for thirty-six monthly payments of \$345, including interest at 5%. This note was secured by a vehicle and matured in January 2016. This note was paid in full during the year ended June 30, 2016.

**Note 7 - Long-Term Debt (continued)**

During the year ended June 30, 2017, The Organization signed a note payable requiring sixty monthly payments of \$269, including principal and interest at 4.88%. This note was secured by a vehicle and matures in July 2022. The outstanding balance on this note at June 30, 2017, was \$14,242. Scheduled principal payments on long-term debt are as follows:

<u>Years Ending June 30</u>	
2018	\$ 2,364
2019	2,702
2020	2,837
2021	2,979
2022	3,128
Thereafter	<u>232</u>
<u>Principal payments on long-term debt</u>	<u>\$ 14,242</u>

**Note 8 - Lease Commitments**

The Organization leases office space and equipment under non-cancelable operating leases. The leases require various monthly payments and expire through June 2021. Payments under operating leases were \$4,849 and \$2,489 for the years ended June 30, 2017 and 2016, respectively. Future minimum lease payments under all operating leases are as follows:

<u>Years Ending June 30</u>	
2018	\$ 9,279
2019	8,399
2020	3,249
2021	3,249
2022	<u>          </u>
<u>Total minimum lease payments</u>	<u>\$ 24,176</u>



## **Note 9 - Grants and Contracts Revenue**

Grants and contracts revenue earned during the year are as follows:

<u>Contracting/Grantor Entity</u>	<u>Original Source of Funds</u>	<u>2017</u>	<u>2016</u>
Buncombe County	Buncombe County	\$ 50,000	\$ 42,785
City of Asheville	U.S. Dept. of Housing and Urban Dev. - Community Development Block Grant	124,101	132,826
City of Asheville	City of Asheville	16,361	2,341
Mountain Local Area Division of Workforce Solutions	U.S. Department of Labor	62,422	50,231
U.S. Dept. of HHS - Office of Community Services	U.S. Department of Health and Human Services	117,253	60,982
Other	Various	<u>631</u>	<u>1,000</u>
<u>Total grants and contracts revenue</u>		<u>\$ 370,768</u>	<u>\$ 290,165</u>

## **Note 10 - In-Kind Contributions**

The Organization received donated goods and services during the years ended June 30, 2017 and 2016. The Housing Authority of the City of Asheville donated the use of the office space and parking at the Edington building valued at \$118,500 and \$118,700 for the years ended June 30, 2017 and 2016, respectively. The Organization received \$6,450 and \$1,025 in donated services during the years ended June 30, 2017 and 2016, respectively. Other in-kind contributions totaled \$5,128 and \$9,814 for the years ended June 30, 2017 and 2016, respectively.

## **Note 11 - Board Designated Net Assets**

The balance of a money market account held by the Organization has been specifically set aside by the Board of Directors for operations. The balance of board designated net assets for at of June 30, 2017 and 2016, was \$1,099 and \$2,455, respectively.

## **Note 12 - Income Taxes**

### Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions material to the financial statements.

### Open Tax Years

The Organization's Return of Organization Exempt From Income Tax (Form 990) for the years ended June 30, 2016, 2015, and 2014, are subject to examination by the IRS, generally for three years after they were filed.

### **Note 13 - Summary Disclosure of Significant Contingencies**

#### **Federal and State Assisted Programs**

The Organization has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

#### **Risk Management**

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Organization carries commercial insurance coverage for risks of loss. Claims have not exceeded coverage in any period since inception.

### **Note 14 - Impairment Loss on Assets Held for Sale**

Assets held for sale consist of donated solar panels, as discussed in Note 5. During the year ended June 30, 2017, it was determined that the valuation of these solar panels was significantly less than the carrying value. As a result, management recorded an impairment loss at June 30, 2017 in the amount of \$46,020, which reduced the carrying amount to \$6,851, the fair market value on that date.

### **Note 15 - Subsequent Events**

Subsequent events have been evaluated through February 8, 2018, which is the date the financial statements were available to be issued. During the period from June 30, 2017, and through this date, no circumstances occurred that require recognition or disclosure in these financial statements, other than the following transactions.

In July 2017, the Organization received a short-term loan in the amount of \$30,000 from an area nonprofit, which was repaid in October 2017. The same nonprofit loaned the Organization an additional \$30,000 in November 2017. As of the report date, \$10,000 had been repaid, and the balance is due in March 2018.

In September 2017, the Organization was awarded a grant from the U.S. Department of Labor in the amount of \$910,655, to be expended over three years. A total of \$69,285 has been disbursed from the grant.

Subsequent to June 30, 2017, and through the report date, the Organization received new grant awards totaling over \$181,000.