



GREEN OPPORTUNITIES, INC.

Asheville, North Carolina

Financial Statements

Year Ended June 30, 2018

GREEN OPPORTUNITIES, INC.

OFFICERS

Chip Howell
Dewana Little
Rich Lee
Rachel Larson

Co-Chair
Co-Chair
Treasurer
Secretary

BOARD OF DIRECTORS

Karen Cragolin
Brenda Gernandt
Tyrone Greenlee
Jane Hatley
Bridget Herring
Chip Howell

Jonathan Hunter
Rachel Larson
Rich 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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Asheville, North Carolina
March 12, 2019

GREEN OPPORTUNITIES, INC.

Statement of Financial Position
June 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and equivalents	\$ 50,334	\$ 8,133
Grants and contracts receivable	215,303	120,516
Accounts receivable	59,842	31,737
Other receivables	29,748	12,741
Inventory		1,140
Prepaid expenses	3,144	5,790
Assets held for future use	<u>18,000</u>	<u>6,851</u>
Total current assets	376,371	186,908
 Property and equipment	 <u>136,709</u>	 <u>158,797</u>
 Total assets	 <u>\$ 513,080</u>	 <u>\$ 345,705</u>
Liabilities and Net Assets		
Current liabilities:		
Bank overdrafts	\$ 56,991	\$
Line of credit	75,000	75,000
Current maturities of long-term debt		2,364
Short-term debt	30,000	
Accounts payable	119,481	60,244
Payroll liabilities	37,593	46,142
Deferred revenue	<u>18,750</u>	<u></u>
Total current liabilities	337,815	183,750
 Long-term debt, net of current maturities	 <u></u>	 <u>11,878</u>
 Total liabilities	 <u>337,815</u>	 <u>195,628</u>
 Net assets:		
Unrestricted:		
Undesignated	(336,331)	(205,831)
Board designated	1,110	1,099
Investment in property and equipment	<u>136,709</u>	<u>144,555</u>
Total unrestricted	(198,512)	(60,177)
Temporarily restricted	<u>373,777</u>	<u>210,254</u>
Total net assets	<u>175,265</u>	<u>150,077</u>
 Total liabilities and net assets	 <u>\$ 513,080</u>	 <u>\$ 345,705</u>

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

GREEN OPPORTUNITIES, INC.

Statement of Activities
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
Support and revenue				
Grants and contracts	\$ 722,384	\$ 2,400	\$ 724,784	\$ 370,768
Fees for services	463,571		463,571	114,395
Foundation and grant awards	100	377,904	378,004	253,135
Contributions	90,413	5,000	95,413	44,276
Enterprise revenue, net of costs	238,064		238,064	137,473
Special events	9,271		9,271	4,870
In-kind contributions	186,073		186,073	130,078
Other income	5,279		5,279	24,031
Net assets released from restrictions	221,781	(221,781)		
Total support and revenues	1,936,936	163,523	2,100,459	1,079,026
Expenses				
Program services:				
Training and placement	914,617		914,617	536,919
Social enterprises	533,294		533,294	191,353
Southside arts and agricultural project	39,932		39,932	
Total program services	1,487,843		1,487,843	728,272
Management and general	503,327		503,327	470,724
Fundraising	84,208		84,208	89,243
Provision for bad debts				4,358
Total expenses	2,075,378		2,075,378	1,292,597
Other gains (losses)				
Loss on disposal of property and equipment				(17,894)
Gain (loss) on assets held for future use	107		107	(76,929)
Impairment loss on assets held for future use				(46,020)
Total other gains (losses)	107		107	(140,843)
Increase (decrease) in net assets	(138,335)	163,523	25,188	(354,414)
Net assets, beginning of year	(60,177)	210,254	150,077	504,491
Net assets, end of year	\$ (198,512)	\$ 373,777	\$ 175,265	\$ 150,077

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

GREEN OPPORTUNITIES, INC.

Statement of Functional Expenses
 Year Ended June 30, 2018
 (With Comparative Totals for 2017)

	Program Services			
	Training and Placement	Social Enterprises	Southside Arts and Agricultural Project	Total Program Services
Participant earnings	\$ 80,289	\$ 118	\$ 8,334	\$ 88,741
Staff salaries	356,292	356,395	4,335	717,022
Benefits	27,440	7,304		34,744
Payroll taxes	30,528	36,569	375	67,472
Workers' compensation	5,514	11,206		16,720
Total personnel costs	500,063	411,592	13,044	924,699
Grants to others			7,500	7,500
Fees and licenses	7,869	7,402		15,271
Insurance				
Miscellaneous expenses	52,962	6,934	20	59,916
Occupancy	2,000	4,000		6,000
Office expenses	1,609	1,539		3,148
Professional development	16,720	463	397	17,580
Professional fees	23,332	43,638		66,970
Contracted services	109,784	14,400	13,962	138,146
Supplies and job materials	180,272	4,514	2,088	186,874
Training certification fees	16,147			16,147
Travel	135	943	2,921	3,999
Total expenses before depreciation and interest	910,893	495,425	39,932	1,446,250
Depreciation	3,253	37,869		41,122
Interest	471			471
Total expenses	\$ 914,617	\$ 533,294	\$ 39,932	\$ 1,487,843

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

GREEN OPPORTUNITIES, INC.

Statement of Functional Expenses (continued)
Year Ended June 30, 2018
(With Comparative Totals for 2017)

	Supporting Services				
	Management and General	Fundraising	Total Supporting Services	2018 Total	2017 Total
Participant earnings	\$	\$	\$	\$ 88,741	\$ 131,591
Staff salaries	138,633	56,143	194,776	911,798	507,540
Benefits	15,323	4,152	19,475	54,219	5,236
Payroll taxes	13,198	5,797	18,995	86,467	59,736
Workers' compensation	<u>688</u>	<u>468</u>	<u>1,156</u>	<u>17,876</u>	<u>13,080</u>
Total personnel costs	167,842	66,560	234,402	1,159,101	717,183
Grants to others				7,500	
Fees and licenses	5,525	3,164	8,689	23,960	7,358
Insurance	13,410		13,410	13,410	14,257
Miscellaneous expenses	22,935	935	23,870	83,786	24,213
Occupancy	141,277	2,500	143,777	149,777	132,326
Office expenses	15,585	242	15,827	18,975	13,453
Professional development	14,746	55	14,801	32,381	15,690
Professional fees	68,216	901	69,117	136,087	69,287
Contracted services	39,057	6,611	45,668	183,814	135,459
Supplies and job materials	391	3,031	3,422	190,296	87,246
Training certification fees				16,147	18,866
Travel	<u>499</u>	<u>209</u>	<u>708</u>	<u>4,707</u>	<u>7,034</u>
Total expenses before depreciation and interest	489,483	84,208	573,691	2,019,941	1,242,372
Depreciation	2,073		2,073	43,195	39,989
Interest	<u>11,771</u>		<u>11,771</u>	<u>12,242</u>	<u>5,878</u>
Total expenses	<u>\$ 503,327</u>	<u>\$ 84,208</u>	<u>\$ 587,535</u>	<u>\$2,075,378</u>	<u>\$1,288,239</u>

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

GREEN OPPORTUNITIES, INC.

Statement of Cash Flows Year Ended June 30, 2018 (With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 25,188	\$ (354,414)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	43,195	39,989
Provision for bad debts		4,358
Loss on disposal of property and equipment		17,894
(Gain) loss on disposal of assets held for future use	(107)	76,929
Impairment loss on assets held for future use		46,020
Changes in working capital - sources (uses):		
Grants and contracts receivable	(94,787)	158,430
Accounts receivable	(28,105)	(19,481)
Other receivables	(17,007)	(3,344)
Inventory	1,140	7
Prepaid expenses	2,646	1,000
Assets held for future use	(18,000)	
Bank overdrafts	56,991	
Accounts payable	59,237	33,941
Payroll liabilities	(8,549)	11,782
Deferred revenue	18,750	
Net cash provided by operating activities	40,592	13,111
Cash flows from investing activities		
Proceeds from the sale of assets held for future use	6,958	
Proceeds from sale of property and equipment		2,000
Purchase of property and equipment	(21,107)	(37,968)
Net cash used by investing activities	(14,149)	(35,968)
Cash flows from financing activities		
Proceeds from short-term debt	80,000	32,996
Repayment of short-term debt	(50,000)	(30,000)
Principal payments on long-term debt	(14,242)	
Net cash provided by financing activities	15,758	2,996
Net increase (decrease) in cash and equivalents	42,201	(19,861)
Cash and equivalents at beginning of year	8,133	27,994
Cash and equivalents at end of year	\$ 50,334	\$ 8,133
Schedule of noncash investing and financing activities		
Property purchased through issuance of debt	\$	\$ 14,242
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 12,242	\$ 5,878

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

GREEN OPPORTUNITIES, INC.

Notes to Financial Statements
June 30, 2018

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.

Southside Arts and Agricultural Project Funded by the Kresge Foundation, GO holds space for the community to create a center for the recognition and celebration of Arts and Agriculture from the Southside neighborhood. This initiative is responsible for the Southside Community Garden and the renovation of the auditorium as a center for performance, education, and the arts.

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

Net assets of the Organization and changes therein are classified and reported as follows:

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *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 the passage of time.
- *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. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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 11.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Grants and Contracts Receivable

Grants and contracts receivable consist of amounts due from agencies for services provided and 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.

Accounts and Other Receivables

Accounts 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 accounting principles generally accepted in the United States of America.

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.

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.

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 and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Organization regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

Note 1 - Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The fair value of substantially all reported assets and liabilities, which represent financial instruments, approximate the carrying values of such amounts.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense allocation. 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 the Organization's financial statements for the year ended June 30, 2017, 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 a lessee to recognize a lease liability and a right-of-use asset for most leases, including operating 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>2018</u>	<u>2017</u>
Time restricted grants	\$ 126,214	\$ 55,000
Internships		16,765
Catering vehicle	5,923	22,991
Ready to Work	30,845	
Southside Arts and Agricultural Center	90,935	
Southside Kitchen	22,118	26,693
Southside Construction	44,662	61,394
Town Branch Greenway	2,986	
Edington Center equipment	1,856	1,856
Social enterprises		5,478
Removing barriers to employment	48,238	
Training and placement		20,077
	<hr/>	<hr/>
<u>Temporarily restricted net assets</u>	<u>\$ 373,777</u>	<u>\$ 210,254</u>

Note 3 - Grants and Contracts Receivable

Grants and contracts receivable consisted of the following:

<u>At June 30</u>	<u>2018</u>	<u>2017</u>
City of Asheville	\$ 17,341	\$
Kresge Foundation	76,214	
Mountain Area Workforce Development Board	32,844	9,961
North Carolina Community Foundation		5,000
United Way	38,904	44,235
U.S. Department of Health and Human Services		5,731
Z. Smith Reynolds	50,000	50,000
Other		5,589
	<hr/>	<hr/>
<u>Grants and contracts receivable</u>	<u>\$ 215,303</u>	<u>\$ 120,516</u>

Note 4 - Property and Equipment

A description of property and equipment is as follows:

<u>At June 30</u>	<u>2018</u>	<u>2017</u>
Office equipment and furniture	\$ 57,093	\$ 37,721
Farm equipment	2,087	2,087
Kitchen equipment	173,776	172,041
Vehicles	<u>66,475</u>	<u>66,475</u>
	299,431	278,324
Less, accumulated depreciation	<u>(162,722)</u>	<u>(119,527)</u>
<u>Property and equipment</u>	<u>\$ 136,709</u>	<u>\$ 158,797</u>

Depreciation expense for the years ended June 30, 2018 and 2017, was \$43,195 and \$39,989, respectively.

Note 5 - Assets Held for Future Use

Assets held for future use at June 30, 2018 consists of a food truck to be placed in service or disposed in the subsequent fiscal year. Management expects to make this determination during the fiscal year 2019.

Assets held for future use at June 30, 2017 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. An impairment loss was recognized on the remaining solar panels during the year ended June 30, 2017, as discussed in Note 15. The Organization sold all remaining solar panels during the year ended June 30, 2018, receiving proceeds of \$6,958.

The balance of assets held for future use at June 30, 2018 and 2017, was \$18,000 and \$6,851, 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, 2018 and 2017, the balance on the line of credit was \$75,000.

Note 7 - Short-Term Debt

During the year ended June 30, 2018, the Organization received short-term loans totaling \$40,000 from a local non-profit. Both loans carried interest rates of 9%, and required two monthly interest-only payments with one balloon payment of principal and interest. The loans are secured by the Organization's receivables. One loan was repaid during the year, and the other loan is outstanding as of June 30, 2018. The total amount due at June 30, 2018 is \$30,000. The outstanding balance is due in July 2018.

Note 8 - Long-Term Debt

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 was paid off during the year ended June 30, 2018. The outstanding balance on this note at June 30, 2017, was \$14,242.

Note 9 - 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 \$24,877 and \$4,849 for the years ended June 30, 2018 and 2017, respectively. Future minimum lease payments under all operating leases are as follows:

<u>Years Ending June 30</u>	
2019	\$ 8,399
2020	3,249
2021	3,249
2022	
2023	
<u>Total minimum lease payments</u>	<u>\$ 14,897</u>

Note 10 - 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>2018</u>	<u>2017</u>
Buncombe County	Buncombe County	\$ 50,000	\$ 50,000
City of Asheville	U.S. Dept. of Housing and Urban Dev. - Community Development Block Grant	202,923	124,101
City of Asheville	City of Asheville	9,776	16,361
Mountain Local Area Division of Workforce Solutions	U.S. Department of Labor	76,931	62,422
U.S. Dept. of HHS - Office of Community Services	U.S. Department of Health and Human Services	170,563	117,253
U.S. Department of Labor	U.S. Department of Labor	190,465	
Other	Various	<u>24,126</u>	<u>631</u>
<u>Total grants and contracts revenue</u>		<u>\$ 724,784</u>	<u>\$ 370,768</u>

Note 11 - In-Kind Contributions

The Organization received donated goods and services during the years ended June 30, 2018 and 2017. The Housing Authority of the City of Asheville donated the use of the office space and parking at the Edington building valued at \$130,084 and \$118,500 for the years ended June 30, 2018 and 2017, respectively. The Organization received \$54,530 and \$6,450 in donated services during the years ended June 30, 2018 and 2017, respectively. Other in-kind contributions totaled \$1,459 and \$5,128 for the years ended June 30, 2018 and 2017, respectively.

Note 12 - 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 as of June 30, 2018 and 2017, was \$1,110 and \$1,099, respectively.

Note 13 - 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.

Note 13 - Income Taxes (continued)

Open Tax Years

The Organization's Return of Organization Exempt From Income Tax (Form 990) for the years ended June 30, 2017, 2016, and 2015, are subject to examination by the IRS, generally for three years after they were filed.

Note 14 - 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 15 - Impairment Loss on Assets Held for Future Use

Assets held for future use 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 16 - Related Party Transactions

During the year ended June 30, 2018, the Organization transferred approximately \$30,000 of equipment to an employee, who is a graduate of the culinary program, to be used in her catering business.

Note 17 - Subsequent Events

Subsequent events have been evaluated through March 12, 2019, which is the date the financial statements were available to be issued.

In July 2018, the Organization repaid the \$30,000 outstanding short-term loan. In August 2018, the Organization borrowed an additional \$50,000 from the same nonprofit, which was repaid in February 2019. In January 2019, the Organization obtained an additional loan for \$65,000, which is to be repaid in April 2019.