

GREEN OPPORTUNITIES, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

CORLISS & SOLOMON, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

GREEN OPPORTUNITIES, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Green Opportunities, Inc.
Asheville, North Carolina

We have audited the accompanying consolidated statement of financial position of Green Opportunities, Inc., as of June 30, 2014, and the related consolidated 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 Opportunities, Inc. as of June 30, 2014, 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 the 2013 financial statements of Green Opportunities, Inc., and our report, dated February 28, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Corliss & Solomon, PLLC

Corliss & Solomon, PLLC
Asheville, North Carolina
January 29, 2015

Green Opportunities, Inc.
Statement of Financial Position

As of June 30, 2014

(With summarized comparative totals as of June 30, 2013)

	2014	2013
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 148,650	\$ 43,120
Grants and Contracts Receivables	150,985	141,552
Fee for Service Revenue Receivable	25,561	59,759
Pledges Receivable	1,156	1,757
Sales Tax Receivable	12,414	980
Inventory	161,268	1,047
Other Current Assets	4,006	2,454
Total Current Assets	504,040	250,669
<u>Long-Term Assets</u>		
Property and Equipment, Net	204,011	38,013
Total Long-Term Assets	204,011	38,013
Total Assets	708,051	288,682
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	27,941	32,813
Accrued Payroll	15,101	18,789
Accrued Paid Time-Off	42,538	61,037
Payroll Tax Liabilities	488	12,957
Workers' Compensation Liability	16,521	12,351
Line of Credit	-	50,000
Note Payable, Current Portion	3,911	3,720
Total Current Liabilities	106,500	191,667
<u>Long-Term Liabilities:</u>		
Note Payable, Long Term Portion	1,771	5,652
Total Long-Term Liabilities	1,771	5,652
Total Liabilities	108,271	197,319
<u>Net Assets</u>		
Unrestricted		
Available for Operations	137,532	(73,272)
Invested in Property and Equipment, Net	204,011	38,013
Total Unrestricted	341,543	(35,259)
Temporarily Restricted	258,237	126,622
Total Net Assets	599,780	91,363
Total Liabilities and Net Assets	\$ 708,051	\$ 288,682

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

Green Opportunities, Inc.

Statement of Activities

For the Year Ended June 30, 2014

(With summarized comparative totals for the prior year)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<u>Support and Revenue</u>				
Earned Grants and Contracts Revenue	\$ 571,980	\$ -	\$ 571,980	\$ 545,200
Fee for Service Revenue	469,232	-	469,232	436,532
Foundation and Grant Awards	20,000	306,500	326,500	145,000
Contributions	97,131	16,400	113,531	55,375
Indirect Public Support	28,500	35,000	63,500	28,500
In-Kind Donations	185,152	-	185,152	36,616
Loss on Asset Disposal	(500)	-	(500)	-
Other Income	5,236	-	5,236	732
Net Assets Released from Restrictions	226,285	(226,285)	-	-
Total Support and Revenue	<u>1,603,016</u>	<u>131,615</u>	<u>1,734,631</u>	<u>1,247,955</u>
<u>Expenses</u>				
Program Services				
Training and Placement	707,243	-	707,243	777,430
Community Capacity Building	94,292	-	94,292	94,030
Social Enterprise	192,520	-	192,520	335,796
Total Program	<u>994,055</u>	<u>-</u>	<u>994,055</u>	<u>1,207,256</u>
Management and General	169,368	-	169,368	128,439
Fundraising	62,791	-	62,791	37,978
Total Expenses	<u>1,226,214</u>	<u>-</u>	<u>1,226,214</u>	<u>1,373,673</u>
Change in Net Assets During Year	<u>376,802</u>	<u>131,615</u>	<u>508,417</u>	<u>(125,718)</u>
Net Assets Beginning of Year	<u>(35,259)</u>	<u>126,622</u>	<u>91,363</u>	<u>217,081</u>
Net Assets End of Year	<u>\$ 341,543</u>	<u>\$ 258,237</u>	<u>\$ 599,780</u>	<u>\$ 91,363</u>

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

Green Opportunities, Inc.
Statement of Functional Expenses

For the Year Ended June 30, 2014

(With summarized comparative totals for the prior year)

	Training and Placement	Community Capacity Building	Social Enterprise	Total Program	Management and General	Fundraising	Total 2014	Total 2013
<u>Personnel</u>								
Program Participant Earnings	\$ 280,203	\$ 11,547	\$ 36,383	\$ 328,133	\$ -	\$ -	\$ 328,133	\$ 291,952
Staff Salaries	215,108	56,847	83,653	355,608	96,856	46,719	499,183	602,532
Staff Health Allowance	-	-	-	-	-	-	-	10,620
Payroll Taxes	40,224	4,736	8,359	53,319	11,654	5,405	70,378	76,636
Workers' Compensation	45,475	399	3,971	49,845	991	539	51,375	51,980
Subtotal-Personnel	<u>581,010</u>	<u>73,529</u>	<u>132,366</u>	<u>786,905</u>	<u>109,501</u>	<u>52,663</u>	<u>949,069</u>	<u>1,033,720</u>
AmeriCorps	13,624	632	2,512	16,768	912	561	18,241	16,736
Grants	-	-	5,400	5,400	-	-	5,400	-
Fees and Licenses	4,855	883	1,704	7,442	1,627	1,450	10,519	6,827
Insurance	2,107	311	483	2,901	9,223	276	12,400	11,008
Miscellaneous Expenses	10,205	2,386	2,823	15,414	5,045	-	20,459	7,134
Occupancy	1,000	-	-	1,000	6,936	-	7,936	9,529
Office Expenses	5,961	1,208	1,996	9,165	2,117	1,513	12,795	13,992
Professional Development	1,126	489	923	2,538	3,384	196	6,118	9,545
Professional Fees	24,724	5,446	19,639	49,809	26,615	1,649	78,073	118,191
Supplies and Job Materials	34,185	2,691	8,160	45,036	16	2,593	47,645	83,231
Training Certification Fees	16,381	2,776	3,742	22,899	-	-	22,899	13,440
Travel	5,381	2,752	9,130	17,263	632	834	18,729	27,976
Subtotal	<u>700,559</u>	<u>93,103</u>	<u>188,878</u>	<u>982,540</u>	<u>166,008</u>	<u>61,735</u>	<u>1,210,283</u>	<u>1,351,329</u>
Bad Debt	-	-	1,598	1,598	-	-	1,598	9,287
Depreciation Expenses	6,442	1,183	1,840	9,465	1,709	1,051	12,225	8,995
Interest Expenses	242	6	204	452	1,651	5	2,108	4,062
Total Expenses	<u>\$ 707,243</u>	<u>\$ 94,292</u>	<u>\$ 192,520</u>	<u>\$ 994,055</u>	<u>\$ 169,368</u>	<u>\$ 62,791</u>	<u>\$ 1,226,214</u>	<u>\$ 1,373,673</u>

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

Green Opportunities, Inc.

Statement of Cash Flows

For the Year Ended June 30, 2014

(With summarized comparative totals for the prior year)

	<u>2014</u>	<u>2013</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 508,417	\$ (125,718)
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	12,226	8,995
Donated Inventory	(158,400)	-
Loss on Asset Disposal	500	-
(Increase)/Decrease in Operating Assets		
Grants and Contracts Receivable	(9,433)	19,832
Fee for Service Revenue Receivable	34,198	(28,002)
Pledges Receivable	601	3,728
Accounts Receivable	(11,434)	1,173
Inventory	(1,821)	-
Other Current Assets	(1,552)	(1,973)
Increase/(Decrease) in Operating Liabilities		
Accounts Payable	(4,872)	5,130
Credit Cards Payable	-	21,746
Accrued Paid Time-Off	(18,499)	19,815
Payroll Tax Liabilities	(12,469)	(430)
Workers' Compensation Liability	4,170	7,000
Accrued Payroll	(3,688)	(5,943)
Net Cash Provided/(Used) by Operating Activities	<u>337,944</u>	<u>(74,647)</u>
<u>Cash Flows from Investing Activities</u>		
Property and Equipment Purchases	(178,724)	(23,199)
Net Cash Used by Investing Activities	<u>(178,724)</u>	<u>(23,199)</u>
<u>Cash Flows from Financing Activities:</u>		
Loan Funds Advanced	10,000	61,170
Principal Payments on Note Payable	(63,690)	(28,110)
Net Cash Provided/(Used) by Financing Activities	<u>(53,690)</u>	<u>33,060</u>
Net Change in Cash	105,530	(64,786)
Cash and Equivalents, Beginning of Year	<u>43,120</u>	<u>107,906</u>
Cash and Equivalents, End of Year	<u>\$ 148,650</u>	<u>\$ 43,120</u>

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

Green Opportunities, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2014

1. Description of Organization and Summary of Significant Accounting Policies

Description of the Organization

Green Opportunities, Inc. (GO) connects youth and adults from low-wealth neighborhoods to sustained employment opportunities that support families and improve community and environmental health. GO's programs address chronic poverty, joblessness and lack of opportunity in underserved communities throughout Buncombe County and public housing developments in the City of Asheville. Through these programs, GO prepares people for meaningful jobs that support families and improve community and environmental health. GO accomplishes its work through the following impact strategies:

Training and Placement Programs: GO's technical and life skills training and job placement programs feature technical certifications, adult basic education, and ongoing case management. Our unique curriculum combines training and education with sustainability literacy that helps trainees improve their neighborhoods and local environment.

Social Enterprises: GO-owned or affiliated social enterprises are designed to create living-wage jobs, generate program-supporting revenues and provide additional on-the-job training program graduates.

Community Capacity Building: GO bolsters the existing capacity in low-income neighborhoods by developing effective partnerships and engaging neighborhood youth in hands-on, project-based pre-employment training.

Funding

The organization's primary sources of support are governmental grants, program service revenue, and contributions from the public.

Corporate and Tax-Exempt Status

Green Opportunities, Inc. was established as a not-for-profit corporation under the laws of the State of North Carolina in May of 2009. It was recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code in January of 2010. GO is a publicly supported organization under Section 509(a)(2). Donations qualify as charitable contributions as provided in Section 170(b)(1)(A)(vi).

Basis of Accounting

The accompanying basic financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Financial Statement Presentation

U. S. GAAP establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. Descriptions of the three net asset classes are as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and that are available for general operating expenses of the organization.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions as to the purpose and/or time of use.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the organization. The organization had no permanently restricted net assets as of June 30, 2014.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as “net assets released from restrictions.” As allowed under U.S. GAAP, restricted grants and contributions are reflected in the financial statements as unrestricted if restrictions are satisfied during the same reporting period as the funds were received.

Contracts and Grants

For contracts and grants which are considered to be exchange transactions, revenue is recognized on an “earned income” basis and reflected in income when reimbursable expenses are incurred. Reimbursement-type contracts and grants usually fall into this category.

Property and Equipment

Property and equipment purchases are capitalized at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$500 per item.

Fair Value Measurements

The organization follows FASB ASC 820-10, “Fair Value Measurements.” This standard establishes a single definition of fair value and a framework for measuring fair value in U.S. GAAP, and it expands disclosures about fair value measurements. Fair value is defined as “the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market.” GO does not carry any items at fair value on a recurring basis.

Income Taxes/Uncertain Tax Positions

GO is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Exempt organizations, however, may be subject to income tax on unrelated business income. The organization had less than \$1,000 of income from unrelated business activities in 2013-14 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization’s Forms 990 for 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after being filed.

In-Kind Contributed Goods and Services

The organization recognizes in-kind contributions of goods at the estimated fair market value at the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair market value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The organization reports its expenses in the functional areas of Program, Management and General, and Fundraising. Expenses that can be identified with a specific area are assigned directly to that area. Other expenses that are common to two or more functions are allocated by management estimate.

2. Cash and Cash Equivalents

The cash and cash equivalents balance consisted of the following:

<u>As of June 30:</u>	<u>2014</u>	<u>2013</u>
Checking Accounts	\$ 129,057	\$ 42,883
Money Market Reserve Account	10,074	81
Undeposited Funds	9,519	156
Total Cash and Cash Equivalents	<u>\$ 148,650</u>	<u>\$ 43,120</u>

3. Grants and Contracts Receivable

Grants and contracts receivable consisted of the following:

<u>As of June 30:</u>	<u>2014</u>	<u>2013</u>
Appalachian Regional Commission	\$ -	\$ 13,141
City of Asheville	97,326	22,583
Department of Health and Human Services	-	25,828
NC Community Development Initiative	-	40,000
Z. Smith Reynolds Foundation	50,000	40,000
Other	3,659	-
Total Grants and Contracts Receivable	<u>\$ 150,985</u>	<u>\$ 141,552</u>

Management considers these receivables to be fully collectible.

4. Property and Equipment

Property and equipment consisted of the following as of June 30, 2014:

<u>As of June 30:</u>	<u>2014</u>	<u>2013</u>
Vehicles	\$ 16,556	\$ 14,556
Kitchen Equipment	168,500	8,200
Farm Equipment	3,560	-
Office Furniture and Equipment	40,259	29,598
Accumulated Depreciaton	(24,864)	(14,341)
Total Property and Equipment, Net	<u>\$ 204,011</u>	<u>\$ 38,013</u>

Depreciation expenses were \$12,225 and \$8,995 for the audit years ended June 30, 2014 and 2013, respectively.

5. Fee for Service Revenue

GO provides services on a fee for service basis to provide additional training opportunities to enrolled and graduated program participants. The major service offered in 2013-14 included temporary labor placement services, weatherization work and energy audits of residential and commercial clients, building performance certificate training and testing, and fresh food production for Mission Hospitals. The following schedule summarizes the significant services offered:

<u>As of June 30:</u>	<u>2014</u>	<u>2013</u>
Apprentice and Labor Crew	\$ 377,726	\$ 223,107
Building Performance Services	69,526	167,012
Training	18,660	28,076
Food Service	3,320	18,337
Total Fee for Service Income	<u>\$ 469,232</u>	<u>\$ 436,532</u>

6. Notes Payable

Notes Payable consisted of the following as of June 30, 2014:

Three-year note payable dated January 9, 2013 to Home Trust Bank to purchase a vehicle. Monthly payments are \$345 with interest at 5% and a final payment due January 9, 2016:	\$ 5,682
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The following is a summary of maturities for the years ending June 30:

2015	3,911
2016	1,771
Total	<u>\$ 5,682</u>

7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following:

<u>As of June 30</u>	<u>2014</u>	<u>2013</u>
Kitchen Ready Equipment	\$ 10,000	\$ 10,000
Restricted for the Following Fiscal Year	50,000	75,000
Summer Youth Program	8,335	-
Technology Improvements	-	348
Edington Center Renovations and Training	189,902	25,000
Water Team	-	16,274
Total Temporarily Restricted Net Assets	<u>\$ 258,237</u>	<u>\$ 126,622</u>

8. Co-employer Contract

During 2014, GO entered a co-employer contract agreement with Carolina Resource Management in order to reduce employee related overhead expenses. GO is responsible for information, oversight, and communication within the workplace and Carolina Resource Management has assumed responsibility for payroll filings and liability payments.

9. Earned Grants and Contract Revenue

Earned grants and contract revenue consisted of the following:

<u>Contracting/Grantor Entity</u>	<u>Original Source of Funds</u>	<u>2014 Revenue</u>	<u>2013 Revenue</u>
Buncombe County	Buncombe County	\$ 25,000	\$ -
City of Asheville	U.S. Dept of Housing and Urban Dev. Community Development Block Grant Funds	157,542	195,018
City of Asheville	U.S. Department of Transportation	11,012	11,835
City of Asheville	City of Asheville	25,000	25,000
Housing Authority of the City of Asheville	U.S. Dept of Housing and Urban Development	109,264	122,404
U.S. Dept of HHS' Office of Community Services	U.S. Department of Health and Human Services	218,977	116,128
Appalachian Regional Commission	Appalachian Regional Commission	25,185	74,815
Total Earned Grants and Contract Revenue		<u>\$ 571,980</u>	<u>\$ 545,200</u>

The organization receives Federal, State and local governmental grants that carry with them compliance requirements that, if not met, could have a direct and material effect on the organization's financial statements.

10. Line of Credit

Green Opportunities, Inc. established a \$75,000 line of credit with Home Trust Bank with an interest rate of 5%. GO had no outstanding balance related to the line of credit as of June 30, 2014.

11. Inventory

During the year Green Opportunities received by way of donation 360 solar panels valued at \$440 each for a total value of \$158,400 (Note 12, In-Kind Goods, below). The current plans for these solar panels are to use them in a solar installation at the Arthur R. Edington Center and any remaining panels not used will be sold at fair market value.

12. In-Kind Contributions

During the audit year, Green Opportunities received in-kind contributions totaling \$185,152. The amounts have been capitalized or recognized in both income and expenses on the statement of activities to reflect the estimated fair value. In-kind contributions by category include the following:

<u>As of June 30:</u>	<u>2014</u>	<u>2013</u>
In-Kind Services	\$ 6,130	\$ 26,555
In-Kind Facilities	12,842	7,837
In-Kind Goods	166,180	2,224
Total In-Kind Donations	<u>\$ 185,152</u>	<u>\$ 36,616</u>

13. Summarized Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived. In addition, certain reclassifications have been made to prior year information to facilitate comparison to the current year.

14. Subsequent Events

On July 28, 2014 Green Opportunities created a for-profit subsidiary with a social mission in which they have partial interest. Gardens United, Inc. farms public housing land and distributes fresh produce to the Asheville community and public housing residents while providing jobs and training for low-income citizens.

Subsequent events have been evaluated through January 29, 2015, which is the date the financial statements were available to be issued.