GREEN EMPOWERMENT

Financial Statements and
Independent Auditor's Report

For the Year Ended December 31, 2014

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WINKEL | CPA
ACCOUNTING AND ADVISORY SERVICES

Independent Auditor's Report

To the Board of Directors
Green Empowerment
Portland, Oregon

We have audited the accompanying financial statements of Green Empowerment, which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 consolidated 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, I 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.

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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 Empowerment as of December 31, 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 Green Empowerment's 2013 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated May 6, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

Richard Winkel, CPA
March 19, 2015

GREEN EMPOWERMENT

STATEMENT OF FINANCIAL POSITION

December 31, 2014
(With Comparative Totals for December 31, 2013)

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 298,220	$ 183,412
Investments	493,244	517,358
Grants and contributions receivable	102,138	331,218
Prepaid expenses	48,759	77,668
Total current assets	942,361	1,109,656
Long-term assets:		
Furnishings and equipment, net of depreciation	-	302
Total assets	$ 942,361	$ 1,109,958
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 9,775	$ 8,225
Deferred revenue	47,013	49,392
Total current liabilities	56,788	57,617
Net assets:		
Unrestricted		
Designated by the Board of Directors	100,000	-
Undesignated	59,834	83,173
Total unrestricted net assets	159,834	83,173
Temporarily restricted	325,739	469,168
Permanently restricted	400,000	500,000
Total net assets	885,573	1,052,341
Total liabilities and net assets	$ 942,361	$ 1,109,958

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2014
(With Comparative Totals for December 31, 2013)

	2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2013 Total Total
Revenues:					
Contributions and grants	$ 312,263	$ 59,104	$ -	$ 371,367	$ 424,748
Grants	19,400	567,223	-	586,623	805,531
Service learning revenue	-	190,952	-	190,952	58,079
Investment and interest income	81	14,490	-	14,571	(9,848)
Other income	1,612	-	-	1,612	1,226
Total revenues	333,356	831,769	-	1,165,125	1,279,736
Net assets released from restriction	1,075,198	(975,198)	(100,000)	-	-
Total revenues	1,408,554	(143,429)	(100,000)	1,165,125	1,279,736
Expenses:					
Program services	1,105,270	-	-	1,105,270	1,059,170
Management and general	130,953	-	-	130,953	110,781
Fundraising	95,670	-	-	95,670	80,570
Total expenses	1,331,893	-	-	1,331,893	1,250,521
Change in net assets	76,661	(143,429)	(100,000)	(166,768)	29,215
Net assets, beginning of year	83,173	469,168	500,000	1,052,341	1,023,126
Net assets, end of year	$ 159,834	$ 325,739	$ 400,000	$ 885,573	$ 1,052,341

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014
(With Comparative Totals for December 31, 2013)

	2014				
	Program Services	Management and General	Fundraising	2014 Total	2013 Total
Personnel expenses	$ 257,475	$ 89,912	$ 61,303	$ 408,690	$ 360,626
Grants and related expenses	591,746	1,755	-	593,501	569,184
Program travel and expenses	59,781	5,297	-	65,078	45,103
Dontated materials and services	169,350	4,532	185	174,067	203,104
Professional services	5,812	2,030	1,384	9,226	14,158
Education and training	2,200	683	-	2,883	575
Communication	110	4,004	86	4,200	2,867
Fundraising	-	-	19,161	19,161	14,853
Bank charges	3,927	2,470	2,819	9,216	5,893
Occupancy	7,812	2,728	1,860	12,400	12000
Office expense	1,011	353	241	1,605	800
Insurance	588	8,307	-	8,895	5,438
Postage	175	1,209	1,911	3,295	1,983
Travel	1,192	1,063	34	2,289	2,165
Information technology	2,495	871	594	3,960	1,102
Printing and publications	971	3,367	6,092	10,430	9,906
License fees	625	2,070	-	2,695	362
Depreciation	-	302	-	302	402
	$ 1,105,270	$ 130,953	$ 95,670	$ 1,331,893	$ 1,250,521

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2014
(With Comparative Totals for December 31, 2013)

	2014	2013
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	$ (166,768)	$ 29,215
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	302	402
Net loss (gain) on investments	(11,386)	12,442
Stock donation	(8,756)	-
Change in assets and liabilities:		
Grants and contribution receivable	229,080	(118,775)
Prepaid expenses	28,909	(48,917)
Accounts payable	1,550	5,447
Deferred revenue	(2,379)	28,424
Net cash provided by operating activities	70,552	(91,762)
Cash flows from investing activities:		
Purchase of property and equipment	-	-
Distribution from investments	44,256	21,743
Net cash used in investing activities	44,256	21,743
Net change in cash and cash equiavalents	114,808	(70,019)
Cash and cash equivalents, beginning of year	183,412	253,431
Cash and cash equivalents, end of year	$ 298,220	$ 183,412
Summary of non-cash investing and financing activities:		
Non-cash stock donation	$ 8,756	$ -

The accompanying notes are an integral part of these financial statements

NOTE A – ORGANIZATION

Green Empowerment (“the Organization”) is a nonprofit corporation organized in 1997 which provides developing world access to clean water, electricity through renewable energy, and sustainable solutions. Support comes from private and public entities.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with Accounting Standards Codification (ASC) of the Financial Accounting Standards Board 958. ASC 958 is the standard for external financial reporting for not-for-profit organizations.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets are net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that will not be met by actions of the Organization or the passage of time.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other 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. Temporary restrictions expire when the donor-stipulated purpose has been fulfilled and/or the donor-stipulated time period has elapsed. Expirations of temporary restrictions result in the reclassification of temporarily restricted net assets to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Cash and Cash Equivalents

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of $250,000. For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables consist of amounts due from grants and contributions and are recognized as revenue when the service is provided. The Organization uses the allowance method to account for uncollectible accounts. Management has determined that the risk of loss for uncollectible balances is not significant and no allowance was deemed necessary at December 31, 2014.

The Organization provides services over the contract period and payment terms generally match the period of service. Revenues for services provided under the terms of grants or contracts are recognized as services are provided. Amounts received in advance are recorded as deferred revenues until the revenues are earned.

Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Donor restricted contributions are recorded as unrestricted if the restrictions are satisfied in the same reporting period in which the contributions are made. Contributions are recorded as increases in temporarily restricted net assets when the restrictions will be met in a future reporting period.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

During the year ended December 31, 2014 the Organization recognized $1,492 in in-kind contributions of materials and $172,575 in contribution of professional services. These are presented as contributions revenue on the statement of activities and changes in net assets.

Investments

The Organization follows guidance in ASC 820 and 958. Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Interest and dividend income is reported as earned.

Furnishings and Equipment

Furnishings and equipment are recorded at purchase cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed property is recorded at its fair market value on the date of contribution.

The Organization depreciates furnishings and equipment over its estimated useful life using the straight-line method for financial reporting purposes, which is generally between 3 and 5 years.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising is expensed as incurred.

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under section 509(a)(1). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses and other assets, accounts payable and accrued liabilities, their fair value approximates carrying value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Summarized Financial Information for 2013

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 the organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2014:

Checking	$ 52,241
Money market accounts	245,979
	$ 298,220

NOTE D – FURNISHINGS AND EQUIPMENT

Major classes of furnishings and equipment consist of the following at December 31, 2014:

Furniture and equipment	$ 4,040
Less accumulated depreciation	(4,040)
	$ -

Depreciation expense was $302 for the year ended December 31, 2014.

NOTE E – NET ASSETS

During the year ended December 31, 2014 the Organization released $100,000 from permanent restriction. This amount had been restricted by a donor in a prior year, and in the current year the donor told the Organization that this amount was no longer permanently restricted but should be used as an operating reserve. The Board of Directors has designated this $100,000 as an operating reserve.

NOTE F – INVESTMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent resources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level I: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level II: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level III: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

NOTE F – INVESTMENTS, Continued

The following table sets forth carrying amounts and estimated fair values for financial instruments at December 31, 2014:

	Level I	Level II	Level III	Total
Mutual funds	$ 343,740	$ -	$ -	$ 343,740
Money market and cash funds	18,228	-	-	18,228
Fixed income funds	131,276	-	-	131,276
Total investments	$ 493,244	$ -	$ -	$ 493,244

A significant portion of the investment balance includes a $400,000 contribution that was permanently restricted as a reserve fund and to fund a position at the Organization. The agreement indicates that the Organization may use investment gains and any use of principal amounts will be repaid in the following year. All uses of funds from the restricted funds are approved by a trustee.

The following table summarizes investment income for the year ended December 31, 2014:

Interest and dividends	$ 27,153
Net realized loss on investments	(1,627)
Net unrealized loss on investments	(11,036)
	$ 14,490

Investment expenses were $3,104 during the year ended December 31, 2014.

NOTE G – LEASE

The Organization leases office space under a month-to-month operating lease agreement. The agreement requires monthly payments of $1,000, which changed to $1,200 monthly starting November, 2014. Rent expense for the year ended December 31, 2014 was $12,400.

NOTE H – SUBSEQUENT EVENTS

The Organization did not have any subsequent events through March 19, 2015, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2014.

NOTE I – CONCENTRATIONS

During the year ended December 31, 2013 one of the grantors accounted for approximately 51% of total grants receivable. At December 31, 2014 one of the grantors accounted for approximately 71% of total grants receivable.