GREEN EMPOWERMENT

Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

TABLE OF CONTENTS

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, 2018, 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, 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 have previously audited the Green Empowerment's 2017 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated April 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richard Winkel, CPA

Richard Winkel, CPA
April 30, 2019

GREEN EMPOWERMENT
STATEMENT OF FINANCIAL POSITION
December 31, 2018
(With Comparative Totals for December 31, 2017)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 31,403	$ 280,377
Investments	473,961	578,855
Grants and contributions receivable	64,996	196,113
Prepaid expenses	8,194	4,334
Total current assets	578,554	1,059,679
Long-term assets:		
Furnishings and equipment, net of depreciation	-	-
Total assets	$ 578,554	$ 1,059,679
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 30,598	$ 2,712
Accrued vacation	9,670	27,705
Deferred revenue	46,898	135,293
Total current liabilities	87,166	165,710
Long-term liabilities:		
Notes payable	25,544	-
Total long-term liabilities	112,710	165,710
Net assets:		
Without restrictions		
Designated by the Board of Directors	300,000	100,000
Undesignated	(36,565)	(110,775)
Total net assets without restrictions	263,435	(10,775)
Net assets with restrictions	202,409	904,744
Total net assets	465,844	893,969
Total liabilities and net assets	$ 578,554	$ 1,059,679

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, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

	2018			
	Without Restrictions	With Restrictions	Total	2017 Total
Revenues:				
Contributions and grants	$ 320,656	$ 15,263	$ 335,919	$ 315,654
Grants	20,663	701,426	722,089	1,234,230
Service learning revenue	52,760	-	52,760	167,234
Investment and interest income	(22,781)	-	(22,781)	86,960
Other income	3,929	-	3,929	11,378
Total revenues	375,227	716,689	1,091,916	1,815,456
Net assets released from restriction	1,419,024	(1,419,024)	-	-
Total revenues	1,794,251	(702,335)	1,091,916	1,815,456
Expenses:				
Program services	1,264,438	-	1,264,438	1,585,957
Management and general	97,938	-	97,938	144,009
Fundraising	157,665	-	157,665	51,694
Total expenses	1,520,041	-	1,520,041	1,781,660
Change in net assets	274,210	(702,335)	(428,125)	33,796
Net assets, beginning of year	(10,775)	904,744	893,969	860,173
Net assets, end of year	$ 263,435	$ 202,409	$ 465,844	$ 893,969

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

	2018				
	Program Services	Management and General	Fundraising	Total	2017 Total
Personnel expenses	$ 275,941	$ 64,297	$ 108,981	$ 449,219	$ 425,059
Grants and related expenses	742,751	-	-	742,751	971,668
Program travel and expenses	86,465	3,217	-	89,682	180,313
Donated materials and services	83,800	-	25,735	109,535	123,680
Professional services	18,623	4,339	7,355	30,317	16,419
Education and training	551	128	218	897	1,003
Communication	3,249	757	1,283	5,289	4,090
Fundraising	3,361	16,410	169	19,940	17,272
Bank charges	5,490	2,941	4,449	12,880	3,441
Occupancy	11,324	2,639	4,472	18,435	14,400
Office expense	1,754	409	693	2,856	1,901
Insurance	3,790	883	1,497	6,170	6,129
Postage	278	65	110	453	2,271
Travel	20,988	438	305	21,731	2,951
Information technology	1,036	241	409	1,686	1,862
Printing and publications	3,102	723	1,225	5,050	5,755
License fees	1,935	451	764	3,150	3,446
	$ 1,264,438	$ 97,938	$ 157,665	$ 1,520,041	$ 1,781,660

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018
(With Comparative Totals For the Year Ended December 31, 2017)

	2018	2017
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	$ (428,125)	$ 33,796
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net loss (gain) on investments and expenses	26,893	(86,956)
Stock donation	-	(6,600)
Change in assets and liabilities:		
Grants and contribution receivable	131,117	(33,501)
Prepaid expenses	(3,860)	85,596
Accounts payable	27,886	(10,189)
Accrued vacation	(18,035)	4,937
Deferred revenue	(88,395)	(19,332)
Net cash (used in) provided by operating activities	(352,519)	(32,249)
Cash flows from investing activities:		
Purchase of investments	(291,069)	(4,903)
Distribution from investments	369,070	29,096
Net cash provided by investing activities	78,001	24,193
Cash flows from financing activities:		
Advances under note payable	25,544	-
Net cash provided by financing activities	25,544	-
Net change in cash and cash equivalents	(248,974)	(8,056)
Cash and cash equivalents, beginning of year	280,377	288,433
Cash and cash equivalents, end of year	$ 31,403	$ 280,377
Summary of non-cash investing and financing activities:		
Non-cash stock donation	$ -	$ 6,600

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 in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization 's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

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, 2018.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

During the year ended December 31, 2018 the Organization recognized $85,100 in in-kind contributions of professional services and $24,435 of donated goods and materials. These are presented as contributions revenue on the statement of activities and changes in net assets.

Investments

The Organization follows guidance in Accounting Standards Codification (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 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.

The Organization's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have a three year statute of limitations.

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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

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. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

Summarized Financial Information for 2017

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, 2017, from which the summarized information was derived.

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	$ 31,403
Investments	473,961
Grants and contributions receivable	64,996
Total financial assets	570,360
Less amounts not available to be used within one year:	
Net assets with donor restrictions	202,409
Financial assets available to meet general expenditures over the next twelve months	$ 367,951

NOTE D – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2018:

Checking and undeposited accounts	$	29,123
Money market accounts		2,083
Foreign trust account		197
	$	31,403

NOTE E – FURNISHINGS AND EQUIPMENT

Major classes of furnishings and equipment consist of the following at December 31, 2018:

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

Depreciation expense was $0 for the year ended December 31, 2018.

NOTE F – FOREIGN CURRENCY TRANSACTIONS

During the year ended December 31, 2018 the Organization recognized gain on foreign currency of $3,929, included in other income on the statement of activities and changes in net assets.

NOTE G – 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 G – INVESTMENTS, Continued

The following table sets forth carrying amounts and estimated fair values for financial instruments at December 31, 2018:

	Level I	Level II	Level III	Total
Mutual funds	$ 302,362	$ -	$ -	$ 302,362
Money market and cash funds	26,428	-	-	26,429
Fixed income funds	145,171	-	-	145,171
Total investments	$ 473,961	$ -	$ -	$ 473,961

The investment balance includes a $301,809 contribution that was 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. At December 31, 2018 the investment funded by this contribution had a market value of $301,809. All uses of funds from the restricted funds are approved by a trustee. Investment gains from the portion of the investment balance not funded by this contribution are unrestricted.

The following table summarizes net investment gains and losses for the year ended December 31, 2018:

	Without Restrictions	With Restrictions	Total
Interest and dividends	$ 3,462	$ 13,421	$ 16,883
Net unrealized gains/losses	(8,812)	(30,851)	(39,663)
Investment fees and expenses	(985)	(3,128)	(4,113)
	$ (6,335)	$ (20,558)	$ (26,894)

NOTE H – NOTE PAYABLE

The Organization was lent $25,544 on December 25, 2017 from a Foundation for a three year program, ending on December 25, 2020, to provide microloans in order to purchase and install solar powered lighting and energy systems for household and small business refrigeration uses in Nicaragua using charitable micro lending program as a cost recovery mechanism. 80% of the interest received from borrowers are to be used to operate the microfinance program. The remaining 20% of the interest received from borrowers are to be used to increase the amount of capital available to be re-lent as microcredit loans. There was no interest rate indicated per the loan agreement. Upon termination of the program, the Organization will pay to the Foundation all funds on hand from the program. The note payable balance outstanding as of December 31, 2018 was $25,544.

NOTE I – LEASE

The Organization leases office space under a month-to-month operating lease agreement. The agreement requires monthly payments of $1,200. Rent expense for the year ended December 31, 2018 was $18,435.

NOTE J – CONCENTRATIONS

At December 31, 2018 one grantor combined to account for approximately 80% of total grants receivable.

NOTE K – SUBSEQUENT EVENTS

The Organization did not have any subsequent events through April 30, 2019, 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, 2018.

NOTE L – GOING CONCERN

In August of 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-15, Presentation of Financial Statements – Going Concern, which requires that management assess whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the organization's ability to continue as a going concern within one year after the financial statements are issues. This ASU was effective for the organization's annual reporting period ended December 31, 2018. The adoption of this new disclosure standard did not have any effect on the organization's financial position, results of operations, or cash flows.

The 2018 financial statements reported a net operating loss of $428,125 due to closing a number of projects that had received funding in previous years. This, combined with planned sunset of a government funded program in the Philippines, contributed to a decrease in revenues of $723,540 compared to the prior year and a negative cash flow from operating activities of $352,519 during 2018. To address this situation in 2018, the organization worked with the trustee of the previously restricted investment fund to restructure the assets, increase the board operating reserve fund and stabilize the cash flow. While the net operating loss was high, it was driven by program costs and the Organization ended 2018 with an increase in unrestricted net assets. The Organization's ability to continue as a going concern is dependent on many factors, including successful efforts to raise additional contributions and grants and successful cost management plans.

The Organization is undertaking significant actions designed to return the Organization to profitability and to generate positive cash flows to fund its operations and programs. The Organization enhanced their financial management and restructured their staff to only incorporate core employees as well as hire a Development Manager to obtain new and relevant funding. The Organization's leadership is confident these changes will allow the Organization to continue as a going concern in the near term.

The Organization's financial statements have been prepared on the going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of operations. The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or the amounts of liabilities should it be unable to continue as a going concern.