

GREEN EMPOWERMENT

Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals For the Year Ended December 31, 2018)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



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, 2019, 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.

Richard Winkel, CPA
15086 NW Oakmont Loop
Beaverton, OR 97006

tel: (503) 332-6750
fax: (888) 739-8185
email: rwinkel@winkelcpa.com

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, 2019, 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 2018 financial statements, and we expressed an unqualified opinion on those financial statements in our report dated April 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Richard Winkel, CPA
July 22, 2020

GREEN EMPOWERMENT
STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With Comparative Totals for December 31, 2018)

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 214,033	\$ 31,403
Investments	304,263	473,961
Grants and contributions receivable	41,409	64,996
Prepaid expenses	9,313	8,194
Total current assets	569,018	578,554
Furnishings and equipment, net of depreciation	-	-
Total assets	\$ 569,018	\$ 578,554
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 15,287	\$ 30,598
Accrued vacation	10,809	9,670
Deferred revenue	10,500	46,898
Total current liabilities	36,596	87,166
Long-term liabilities:		
Notes payable	25,544	25,544
Total long-term liabilities	62,140	112,710
Net assets:		
Without restrictions		
Designated by the Board of Directors	300,000	300,000
Undesignated	(176,690)	(36,565)
Total net assets without restrictions	123,310	263,435
Net assets with restrictions	383,568	202,409
Total net assets	506,878	465,844
Total liabilities and net assets	\$ 569,018	\$ 578,554

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, 2019
(With Comparative Totals For the Year Ended December 31, 2018)

	2019			2018 Total
	Without Restrictions	With Restrictions	Total	
Revenues:				
Contributions and grants	\$ 339,467	\$ 6,010	\$ 345,477	\$ 335,919
Grants	165,935	554,390	720,325	722,089
Service learning revenue	86,537	-	86,537	52,760
Investment and interest income	7,025	55,209	62,234	(22,781)
Other income	25,648	-	25,648	3,929
Total revenues	624,612	615,609	1,240,221	1,091,916
Net assets released from restriction	434,450	(434,450)	-	-
Total revenues	1,059,062	181,159	1,240,221	1,091,916
Expenses:				
Program services	1,015,701	-	1,015,701	1,264,438
Management and general	115,892	-	115,892	97,938
Fundraising	67,594	-	67,594	157,665
Total expenses	1,199,187	-	1,199,187	1,520,041
Change in net assets	(140,125)	181,159	41,034	(428,125)
Net assets, beginning of year	263,435	202,409	465,844	893,969
Net assets, end of year	<u>\$ 123,310</u>	<u>\$ 383,568</u>	<u>\$ 506,878</u>	<u>\$ 465,844</u>

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019
(With Comparative Totals For the Year Ended December 31, 2018)

	2019				2018 Total
	Program Services	Management and General	Fundraising	Total	
Personnel expenses	\$ 297,085	\$ 54,620	\$ 54,515	\$ 406,220	\$ 449,219
Grants and related expenses	287,797	2,343	-	290,140	742,751
Program travel and expenses	79,034	522	-	79,556	89,682
Donated materials and services	130,313	17,840	-	148,153	109,535
Professional services	122,076	25,294	1,073	148,443	30,317
Education and training	150	-	-	150	897
Communication	4,347	447	475	5,269	5,289
Events	20,492	410	-	20,902	19,940
Bank charges	4,806	4,037	3,908	12,751	12,880
Occupancy	12,142	1,962	2,081	16,185	18,435
Office expense	822	214	50	1,086	2,856
Insurance	-	6,098	-	6,098	6,170
Postage	15	280	-	295	453
Travel	51,581	1,006	869	53,456	21,731
Information technology	4,263	341	274	4,878	1,686
Printing and publications	434	93	4,285	4,812	5,050
License fees	344	385	64	793	3,150
	<u>\$ 1,015,701</u>	<u>\$ 115,892</u>	<u>\$ 67,594</u>	<u>\$ 1,199,187</u>	<u>\$ 1,520,041</u>

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(With Comparative Totals For the Year Ended December 31, 2018)

	2019	2018
Increase (Decrease) in Cash and Cash Equivalents		
Change in net assets	\$ 41,034	\$ (428,125)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Net loss (gain) on investments and expenses	(59,282)	26,893
Change in assets and liabilities:		
Grants and contribution receivable	23,587	131,117
Prepaid expenses	(1,119)	(3,860)
Accounts payable	(15,311)	27,886
Accrued vacation	1,139	(18,035)
Deferred revenue	(36,398)	(88,395)
Net cash (used in) provided by operating activities	(46,350)	(352,519)
Cash flows from investing activities:		
Purchase of investments	(161,020)	(291,069)
Distribution from investments	390,000	369,070
Net cash provided by investing activities	228,980	78,001
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	182,630	(248,974)
Cash and cash equivalents, beginning of year	31,403	280,377
Cash and cash equivalents, end of year	\$ 214,033	\$ 31,403

The accompanying notes are an integral part of these financial statements

GREEN EMPOWERMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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.

GREEN EMPOWERMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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, 2019.

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, 2019 the Organization recognized \$144,080 in in-kind contributions of professional services and \$4,073 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.

GREEN EMPOWERMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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.

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.

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

GREEN EMPOWERMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement

The Organization implemented FASB Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists organizations in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The provisions of ASU 2018-08 were implemented applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. There was no significant impact to the Organization's revenue recognition in either year presented for this change in accounting principle.

Summarized Financial Information for 2018

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, 2018, from which the summarized information was derived.

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

Financial assets at year end:	
Cash and cash equivalents	\$ 214,033
Investments	304,263
Accounts receivable	<u>41,409</u>
Total financial assets available	<u>559,705</u>
Less amounts not available to be used within one year:	
Net assets without restrictions - board designated	(300,000)
Net assets with donor restrictions	<u>(383,568)</u>
Total net assets with restrictions	<u>(683,568)</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u><u>(123,863)</u></u>

GREEN EMPOWERMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE C – AVAILABILITY AND LIQUIDITY (Continued)

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization’s cash needs are expected to be met on a monthly basis from regular revenue sources. The Organization has net assets designated by the Board of Directors available if necessary. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

NOTE D – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2019:

Checking and undeposited accounts	\$	3,332
Money market accounts		207,806
Foreign trust account		<u>2,895</u>
	\$	<u><u>214,033</u></u>

NOTE E – FURNISHINGS AND EQUIPMENT

Major classes of furnishings and equipment consist of the following at December 31, 2019:

Furniture and equipment	\$	4,040
Less accumulated depreciation		<u>(4,040)</u>
	\$	<u><u>-</u></u>

There was no depreciation expense for the year ended December 31, 2019.

NOTE F – FOREIGN CURRENCY TRANSACTIONS

During the year ended December 31, 2019 the Organization recognized a loss on foreign currency of \$509, 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.

GREEN EMPOWERMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE G – INVESTMENTS, Continued

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.

The following table sets forth carrying amounts and estimated fair values for financial instruments at December 31, 2019:

	Level I	Level II	Level III	Total
Mutual funds	\$ 190,992	\$ -	\$ -	\$ 190,992
Money market and cash funds	52,361	-	-	52,361
Fixed income funds	60,910	-	-	60,910
Total investments	<u>\$ 304,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,263</u>

The following table summarizes net investment gains and losses for the year ended December 31, 2019:

	Without Restrictions	With Restrictions	Total
Interest and dividends	\$ 1,004	\$ 7,142	\$ 8,146
Net unrealized gains/losses	3,510	50,550	54,060
Investment fees and expenses	(441)	(2,483)	(2,924)
	<u>\$ 4,073</u>	<u>\$ 55,209</u>	<u>\$ 59,282</u>

NOTE H – NOTE PAYABLE

The Organization was lent \$25,544 in 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, 2019 was \$25,544.

GREEN EMPOWERMENT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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, 2019 was \$16,185.

NOTE J – CONCENTRATIONS

At December 31, 2019 one grantor combined to account for approximately 55% of total grants receivable.

NOTE K – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 22, 2020, 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, 2019.

Subsequent to year-end, the Organization has been negatively impacted by the effects of the world-wide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is not known.