

Big Green

Financial Statements

For the Years Ended June 30, 2019 and 2018

Big Green

Financial Statements

Table of Contents

	<u>Page</u>
Independent Auditor's Report.....	1
Financial Statements for the Years Ended June 30, 2019 and 2018:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows.....	5
Statements of Functional Expenses.....	6
Notes to Financial Statements.....	7



Independent Auditor's Report

To the Board of Directors
Big Green
Boulder, Colorado

We have audited the accompanying financial statements of Big Green (the "Organization"), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 the consolidated 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Big Green as of June 30, 2019 and 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

ACM LLP
Greeley, Colorado
November 26, 2019

Big Green

Statements of Financial Position

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Cash and cash equivalents	\$ 3,634,516	\$ 3,971,300
Accounts receivable	718,926	839,358
Pledges receivable	150,000	200,000
Prepaid expenses and other current assets	235,671	194,503
Inventory	<u>274,602</u>	<u>444,856</u>
Total current assets	5,013,715	5,650,017
Property and equipment, net	96,173	137,799
Pledges receivable, Long-term	100,000	300,000
Other assets	<u>28,343</u>	<u>27,625</u>
Total assets	<u><u>\$ 5,238,231</u></u>	<u><u>\$ 6,115,441</u></u>
Liabilities and Net Assets		
Accounts payable	\$ 254,291	\$ 348,859
Accrued expenses	268,506	142,419
Deferred revenue	<u>322,500</u>	<u>1,477,025</u>
Total current liabilities	<u>845,297</u>	<u>1,968,303</u>
Net Assets		
Without donor restrictions	3,124,316	3,647,138
With donor restrictions	<u>1,268,618</u>	<u>500,000</u>
Total net assets	<u>4,392,934</u>	<u>4,147,138</u>
Total liabilities and net assets	<u><u>\$ 5,238,231</u></u>	<u><u>\$ 6,115,441</u></u>

See the independent auditor's report and accompanying notes to the financial statements.

Big Green
Statements of Activities

	Year Ended					
	June 30, 2019			June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Project grants	\$ 125,911	\$ 37,092	\$ 163,003	\$ 2,775,956	\$ -	\$ 2,775,956
Individual contributions	167,270	-	167,270	902,397	-	902,397
Corporate grants	369,208	100,000	469,208	1,706,189	-	1,706,189
Foundation Grants	5,030,070	1,941,481	6,971,551	5,324,001	-	5,324,001
Government grants	378,622	-	378,622	-	-	-
In-kind contributions	278,276	-	278,276	80,849	-	80,849
Special event revenue, gross	1,224,839	-	1,224,839	780,216	-	780,216
Other income	31,683	-	31,683	3,264	-	3,264
Net assets released from restrictions	1,309,955	(1,309,955)	-	200,000	(200,000)	-
Total revenue	8,915,834	768,618	9,684,452	11,772,872	(200,000)	11,572,872
Expense						
Program expenses	6,572,150	-	6,572,150	6,129,369	-	6,129,369
Development	1,954,315	-	1,954,315	1,901,385	-	1,901,385
Cost of direct benefits to donors	467,554	-	467,554	338,598	-	338,598
Management and general	444,637	-	444,637	437,046	-	437,046
Total Expense	9,438,656	-	9,438,656	8,806,398	-	8,806,398
Change in net assets	(522,822)	768,618	245,796	2,966,474	(200,000)	2,766,474
Net assets - beginning of period	3,647,138	500,000	4,147,138	680,664	700,000	1,380,664
Net assets - end of period	\$ 3,124,316	\$ 1,268,618	\$ 4,392,934	\$ 3,647,138	\$ 500,000	\$ 4,147,138

See the independent auditor's report and accompanying notes to the financial statements.

Big Green

Statements of Cash Flows

	Year Ended	
	June 30, 2019	June 30, 2018
Cash Flows From Operating Activities		
Change in net assets	\$ 245,796	\$ 2,766,474
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	62,270	86,420
Changes in operating assets and liabilities		
Accounts receivable	120,432	(768,862)
Pledges receivable	250,000	200,000
Prepaid expenses and other assets	(41,886)	(2,553)
Inventory	170,254	(297,218)
Accounts payable	(94,568)	45,685
Accrued expenses	126,087	(248,105)
Deferred revenue	(1,154,525)	(1,249,475)
Net cash flows from operating activities	(316,140)	532,366
Cash Flows From Investing Activities		
Proceeds from sale of office equipment	-	650
Purchases of equipment	(20,644)	(83,224)
Net cash flows from investing activities	(20,644)	(82,574)
Change in cash and cash equivalents	(336,784)	449,792
Cash and cash equivalents - beginning of period	3,971,300	3,521,508
Cash and cash equivalents- end of period	\$ 3,634,516	\$ 3,971,300

See the independent auditor's report and accompanying notes to the financial statements.

Big Green

Statements of Functional Expenses

	Year Ended June 30, 2019				Year Ended June 30, 2018			
	Program		Management		Program		Management	
	Services	Development	& General	Total	Services	Development	& General	Total
Garden beds and materials	\$ 2,548,452	\$ 435	\$ -	\$ 2,548,887	\$ 2,603,175	\$ 1,582	\$ -	\$ 2,604,757
Salaries and contract labor	2,661,225	1,149,233	215,501	4,025,959	2,191,743	961,334	172,830	3,325,907
Payroll taxes and benefits	405,195	175,023	39,976	620,194	423,975	154,567	35,176	613,718
Garden programming and supplies	351,607	416	622	352,645	242,408	1,024	-	243,432
Marketing and promotion	16,015	155,550	192	171,757	22,394	313,261	2,940	338,595
Printing, postage and office supplies	13,218	32,347	43,665	89,230	9,276	23,021	33,630	65,927
Professional Services	97,196	71,714	43,482	212,392	110,584	13,475	44,650	168,709
Rent & Utilities	263,157	102,121	45,240	410,518	268,028	75,308	69,907	413,243
Travel and meetings	117,266	201,114	25,545	343,925	152,016	265,703	31,374	449,093
Insurance, bank fees & misc	301	26,049	17,535	43,885	5,738	54,668	20,486	80,892
Computer expenses	52,559	26,854	10,027	89,440	37,626	19,854	19,627	77,107
Depreciation	45,959	13,459	2,852	62,270	62,406	17,588	6,426	86,420
Total	6,572,150	1,954,315	444,637	8,971,102	6,129,369	1,901,385	437,046	8,467,800
Direct cost of benefits to donors	467,554	-	-	467,554	338,598	-	-	338,598
Total expenses	\$ 7,039,704	\$ 1,954,315	\$ 444,637	\$ 9,438,656	\$ 6,467,967	\$ 1,901,385	\$ 437,046	\$ 8,806,398

See the independent auditor's report and accompanying notes to the financial statements.

Big Green

Notes to Financial Statements

1) Summary of Significant Accounting Policies

a. Organization

Big Green (the “Organization”), formerly The Kitchen Community, is a Colorado not-for-profit organization founded in 2011. The Organization’s articles of incorporation were amended to reflect the name change as of January, 2018. Big Green’s mission is to connect kids to real food.

Big Green is creating open-source designs for modular, experiential Learning Gardens for schools across the country. Learning Gardens are an extension of the classroom and an enhancement to the school playground and they are designed to be a place kids want to play in and teachers want to teach in, thereby creating a long-term, positive investment for the school and community.

Big Green is headquartered in Boulder, CO with offices in Chicago, IL, Denver, CO, Detroit, MI, Memphis, TN and Indianapolis, IN.

b. Basis of Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting using accounting principles generally accepted in the United States of America (“GAAP”). In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions that may or will be met by the passage of time, by meeting the donor-imposed purpose or restriction, or to be held in perpetuity.

c. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

d. Financial Instruments and Credit Risk

Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. Insurance coverage is up to \$250,000 per depositor at each financial institution. The Organization had approximately \$1,300,000 and \$2,900,000 of deposits in excess of federally insured limits at June 30, 2019 and 2018, respectively.

e. Accounts Receivable

Accounts receivable consist of amounts receivable from municipal contracts and other project agreements. An allowance for doubtful accounts is determined based upon the review and analysis of the collectability of each outstanding account. Management believes no allowance for doubtful accounts was necessary at June 30, 2019 and 2018.

Big Green

Notes to Financial Statements

f. Pledges Receivable (promises to give)

Pledges receivable are unconditional promises to give made by donors. Unconditional promises to give that are expected to be collected within one year are recorded at the amount pledged. Promises to give that are expected to be received after one year are recorded at present value. As of June 30, 2019 and 2018, the adjustment for the present value of expected future cash flows for multi-year pledges was not material to the financial statements; accordingly, no adjustments were made. Intentions to give are not recorded until payment has been received.

Allowances for uncollectible pledges receivable are established based on historical collection rates and specific identification of uncollectible accounts. Management believes no allowance was necessary at June 30, 2019 or 2018.

As of June 30, 2019 and 2018, there were certain pledges receivable which were deemed to be conditional and therefore did not meet the requirements for recognition, and are excluded from the financial statements until the conditions are met.

g. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of advance payments for events and deposits for inventory. These amounts are charged to expense when the events occur, or the assets are used in operations.

h. Inventory

Inventory consists of learning garden materials and are stated at the lower of cost or net realizable value. Cost is determined on a standard cost basis that approximates the average cost method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value. No reserve has been recorded as of June 30, 2019 and 2018, as management believes the amount is immaterial.

i. Property and Equipment

Property and equipment has been stated at cost, or in the case of donated property, at fair value on the date of the donation. Property and equipment with cost or fair value that exceeds \$500 and has a useful life greater than one year are capitalized and depreciated using the straight-line method over the estimated useful lives of the asset, or the shorter of the lease term or useful life for leasehold improvements (3 to 10 years).

j. Deferred Revenue

Deferred revenue is comprised of payments received from conditional contributions in advance for projects and programs where conditions have not been met. Once conditions have been met, funds are moved from deferred and recognized as revenue.

Big Green

Notes to Financial Statements

k. Revenue Recognition

Contributions received are recorded as “with donor restrictions” or “without donor restrictions”, depending on the existence and nature of the donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor or subject to legal restrictions. Net assets are reclassified to net assets without donor restrictions in the period in which donor restrictions expire. Restrictions expire when purpose restrictions are fulfilled and/or when time restrictions expire. Unconditional contributions are recorded when cash or unconditional promises-to-give have been received or ownership of donated assets are transferred. It is the Organization’s policy to record conditional donor restricted contributions received and expended in the same period as contributions without donor restrictions.

Other revenue is recorded when earned.

l. In-kind Contributions

In-kind contributions are reflected as contributions at their estimated fair value at date of donation and are reported as unrestricted support. These amounts have been reported as both in-kind contribution revenue and program expense and auction items were included in special event revenue on the statement of activities. The Organization recognizes the fair value of contributed services received if such services, a) create or enhance nonfinancial assets, or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In kind contributions during the years ended June 30, 2019 and 2018 were as follows:

<u>Years ended June 30</u>	<u>2019</u>	<u>2018</u>
Landscaping	\$47,298	\$25,913
Program supplies	230,978	54,936
Auction items	161,892	222,484
	<hr/>	<hr/>
	\$440,168	\$303,333

Big Green

Notes to Financial Statements

m. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The financial statements report certain costs that are attributable to one or more program or supporting function. Accordingly, certain costs have been allocated between the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Garden beds and materials	Actual
Salaries and contract labor	Time and effort
Payroll taxes and benefits	Time and effort
Garden programming and supplies	Actual
Marketing and promotion	Actual
Cost of direct benefits to donors	Actual
Printing, postage and office supplies	Square footage
Professional Services	Actual
Rent & Utilities	Square footage
Travel and meetings	Actual
Insurance, bank fees & misc	Actual
Computer expenses	Square footage
Depreciation	Square footage

n. Federal Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1). However, income from activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business taxable income. The Organization had unrelated business taxable income during the year ended June 30, 2019 of \$5,144 and no unrelated business taxable income during the year ended June 30, 2018.

The Organization believes that it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status, and that it has taken no material uncertain tax positions that qualify for recognition or disclosure in the financial statements. The Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017.

o. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Big Green

Notes to Financial Statements

p. New Accounting Pronouncements

In August of 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, Topic 958, Presentation of Financial Statements of Not-for-Profit Entities (“ASU 2016-14”). The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 is effective for annual financial statements for fiscal years beginning after December 15, 2017 and for interim periods with fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization has adjusted the presentation of these statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented.

In May of 2014, the FASB issued ASU 2014-09, Topic 606, Revenue from Contracts with Customers. ASU 2014-09 for nonpublic entities should be applied for entities with an annual reporting period beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted beginning after December 15, 2016. Management is currently evaluating the impact of adoption of this standard on its financial statements.

In June of 2018, the FASB issued ASU 2018-08, Contributions Receivable and Made. The purpose of this ASU is to clarify and improve the scope and accounting guidance for contributions received and made. The new guidance aids in the classification of contributions and exchange transactions. The new guidance is effective for public business entities with fiscal years beginning after December 15, 2018. For all other organizations, the new guidance is effective for fiscal years beginning after December 15, 2019 and interim periods with fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of adoption of this standard on its financial statements.

In February of 2016, the FASB issued ASU 2016-02, Topic 842, Leases. The purpose of this ASU is to establish the principle to report transparent and economically neutral information about the assets and liabilities that arise from leases. The new guidance is effective for public business entities with fiscal years beginning after December 15, 2018. For all other organizations, the new guidance is effective for fiscal years beginning after December 15, 2019 and interim periods with fiscal years beginning after December 15, 2020. Management is currently evaluating the impact of adoption of this standard on its financial statements.

q. Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

Big Green

Notes to Financial Statements

2) Liquidity and Availability of Resources

The following represents Big Green's financial assets at June 30, 2019 and 2018:

Financial assets at year end:	2019	2018
Cash and cash equivalents	\$ 3,634,516	\$ 3,971,300
Accounts receivable	718,926	839,358
Assets limited to use:		
Pledges receivable	250,000	500,000
Total financial assets	4,603,442	5,310,658
Less amounts not available to be used within one year:		
Donor-restricted with liquidity horizons greater than one year	(50,000)	-
Pledges receivable	(200,000)	(300,000)
Financial assets not available to be used within one year	(250,000)	(300,000)
Financial assets available to meet general expenditures within one year	\$ 4,353,442	\$ 5,010,658

The Organization's goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$4million). As part of its liquidity plan, excess cash is invested in short-term investments, including money markets and certificates of deposits.

3) Pledges Receivable

Pledges receivable for the years ended June 30, 2019 and 2018 totaled \$250,000 and \$500,000, respectively.

Pledges as of June 30, 2019 are due as follows:

	2019
One year or less	\$ 150,000
2021	100,000
	\$ 250,000

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Notes to Financial Statements

4) Property and Equipment

The major classes of property and equipment at June 30, 2019 and 2018 are as follows:

	2019	2018
Equipment	\$ 281,213	\$ 294,751
Leasehold improvements	3,566	92,491
	<u>284,779</u>	<u>387,242</u>
Less accumulated depreciation	(188,606)	(249,443)
Property and equipment, net	<u>\$ 96,173</u>	<u>\$ 137,799</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$62,270 and \$86,420, respectively.

5) Net Assets

Net assets with donor restrictions were as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Specific purpose - Learning gardens		
Project grants	\$ 37,092	\$ -
Corporate grants	50,000	-
Foundation Grants	671,241	-
Passage of time		
Grants receivable	260,285	-
Pledges receivable	250,000	500,000
Total	<u>\$ 1,268,618</u>	<u>\$ 500,000</u>

Net assets without donor restrictions were as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Undesignated	<u>\$ 3,124,316</u>	<u>\$ 3,647,138</u>

Big Green

Notes to Financial Statements

Net assets released from net assets with donor restrictions are as follows:

	2019	2018
Satisfaction of purpose restriction	\$ 1,059,955	\$ -
Satisfaction of time restriction	250,000	200,000
Total	\$ 1,309,955	\$ 200,000

6) Lease Commitments

The Organization has a lease agreement for office space in Boulder, CO, which expires January 31, 2023. The Organization also has leases in Chicago, IL which expires October 31, 2020, Memphis, TN which expires September 30, 2020, Indianapolis, IN which expires June 30, 2021, Detroit, MI which expires January 31, 2021 and in Denver, CO which expires June 30, 2020. All other office and warehouse leases are month to month. The Organization has month to month leases for warehouse space in Denver, CO, Los Angeles, CA, Indianapolis, IN and Chicago, IL. The monthly expense for the month to month leases range from \$2,250 - \$3,000/month. The Boulder, CO, Chicago, IL, Indianapolis, IN and Memphis, TN lease payments are subject to increase based on operating expenses and real estate taxes.

Minimum future lease payments for the twelve months ended June 30 under these agreements are as follows:

	Boulder, CO	Chicago, IL	Denver, CO	Detroit, MI	Indianapolis, IN	Memphis, TN
2020	\$ 166,159	\$ 32,100	\$ 24,000	\$ 13,200	\$ 24,000	\$ 40,234
2021	172,253	10,800		7,700	24,960	10,130
2022	175,450					
2023	103,450					
	\$ 617,313	\$ 42,900	\$ 24,000	\$ 20,900	\$ 48,960	\$ 50,364

Rent expense was \$341,498 and \$329,716 for the years ended June 30, 2019 and 2018, respectively.

7) Related Party

The Organization entered into a contract dated July 1, 2017 and expiring June 30, 2018 to provide services to The Kitchen Café, LLC (the "Kitchen") and Square Roots for an annual fee of \$132,000 and monthly fee of \$11,111, respectively. Services included in the scope of the contract include, but are not limited to, marketing, non-salaried public relations, national and international conferences and investor relations. The Organization's officers are investors and officers in both entities. Reimbursements received from these related parties were \$224,741 for the year ended June 30, 2018.

Big Green

Notes to Financial Statements

Donations made to the Organization by related parties were \$781,000 and \$998,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

8) Retirement Plan

The Organization participates in a multiple employer 401(k) retirement plan for its employees. All employees are eligible for the plan and can make voluntary contributions to the plan. The Organization does not contribute to the plan.

9) Significant Concentrations

The Organization received contributions from related parties representing less than 10% of total revenue for the years ended June 30, 2019 and June 30, 2018, respectively. The Organization believes these donors will continue to provide support for its programs in future years.

As of June 30, 2019 and 2018, three donors represented 100% of the pledges receivable. Additionally, two accounts represented 79% and 77% of the accounts receivable as of June 30, 2019 and 2018, respectively.

10) Subsequent Events

The Organization has evaluated subsequent events through November 26, 2019, which is the date these financial statements were available to be issued. There are no subsequent events that require recognition or disclosure.