

BATON ROUGE GREEN ASSOCIATION, INC.

Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2018

BATON ROUGE GREEN ASSOCIATION, INC.

Baton Rouge, Louisiana

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Baton Rouge, Louisiana

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ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Baton Rouge Green Association, Inc.
Baton Rouge, Louisiana

Management is responsible for the accompanying financial statements of **BATON ROUGE GREEN ASSOCIATION, INC. (BRG)**; a non-profit organization, which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, statement of cash flows, and the statement of functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to BRG.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 26, 2019

BATON ROUGE GREEN ASSOCIATION, INC.
Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

December 31, 2018

(See Accountants' Compilation Report)

ASSETS

CURRENT

| | | |
|--------------------------------|----|--------------|
| Cash | \$ | 143,220 |
| Grants and accounts receivable | | 27,378 |
| Prepaid expense | | <u>1,013</u> |
| Total current assets | | 171,611 |

INVESTMENTS

PROPERTY AND EQUIPMENT, net

118,150
14,087

Total assets \$ 303,848

LIABILITIES AND NET ASSETS

CURRENT

| | | |
|---|----|------------|
| Accounts payable | \$ | 18,855 |
| Deferred revenue | | 73,821 |
| Current portion of lease obligation payable | | <u>999</u> |
| Total current liabilities | | 93,675 |

LEASE OBLIGATION PAYABLE, less current portion

386

Total liabilities 94,061

NET ASSETS

| | | |
|----------------------------------|----|-----------------------|
| Without donor restrictions | | <u>209,787</u> |
| Total liabilities and net assets | \$ | <u><u>303,848</u></u> |

The accompanying notes to the financial statements
are an integral part of this statement.

BATON ROUGE GREEN ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

(See Accountants' Compilation Report)

| | <u>Without Donor</u> | <u>With Donor</u> | |
|--|----------------------|---------------------|-------------------|
| | <u>Restriction</u> | <u>Restrictions</u> | <u>Total</u> |
| REVENUE AND SUPPORT | | | |
| Donations and sponsorships | \$ 217,245 | \$ - | \$ 217,245 |
| Grants | - | 164,301 | 164,301 |
| Contract services | 49,900 | | 49,900 |
| Memberships | 33,712 | - | 33,712 |
| Investment loss, net | (1,452) | - | (1,452) |
| Rental and other | <u>2,014</u> | <u>-</u> | <u>2,014</u> |
| Total revenue and support | 301,419 | 164,301 | 465,720 |
| NET ASSETS RELEASED FROM | | | |
| RESTRICTIONS | <u>164,301</u> | <u>(164,301)</u> | <u>-</u> |
| Total revenue, support, and net assets released from restrictions | <u>465,720</u> | <u>-</u> | <u>465,720</u> |
| EXPENSES | | | |
| Program | 279,063 | - | 279,063 |
| Fundraising | 46,245 | - | 46,245 |
| General and administrative | <u>148,971</u> | <u>-</u> | <u>148,971</u> |
| Total expenses | <u>474,279</u> | <u>-</u> | <u>474,279</u> |
| Change in net assets | (8,559) | - | (8,559) |
| NET ASSETS | | | |
| Beginning of year, restated | <u>218,346</u> | <u>-</u> | <u>218,346</u> |
| End of year | <u>\$ 209,787</u> | <u>\$ -</u> | <u>\$ 209,787</u> |

The accompanying notes to the financial statements
are an integral part of this statement.

BATON ROUGE GREEN ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2018

(See Accountants' Compilation Report)

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---------------|
| Change in net assets | \$ (8,559) |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 6,392 |
| Unrealized investment loss | 1,452 |
| Change in operating assets and liabilities: | |
| Grants and accounts receivable | 32,608 |
| Prepaid expenses | 592 |
| Accounts payable | 8,022 |
| Deferred revenue | <u>25,682</u> |
| Net cash provided by operating activities | 66,189 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|------------------------------------|---------|
| Purchase of property and equipment | (5,371) |
|------------------------------------|---------|

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|----------------|
| Principal payments on lease obligation | <u>(1,000)</u> |
| Net increase in cash | 59,818 |

CASH

| | |
|-------------------|-------------------|
| Beginning of year | <u>83,402</u> |
| End of year | <u>\$ 143,220</u> |

The accompanying notes to the financial statements
are an integral part of this statement.

BATON ROUGE GREEN ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

December 31, 2018

(See Accountants' Compilation Report)

| | Program Services | Fundraising | General and Administrative | Total |
|-------------------------------|-----------------------------|--------------------|---------------------------------------|--------------|
| EXPENSES | | | | |
| Salaries | \$ 128,615 | \$ 34,072 | \$ 46,501 | \$ 209,188 |
| Repairs and maintenance | 67,815 | - | 6,174 | 73,989 |
| Professional services | 46,622 | 1,470 | 1,967 | 50,059 |
| Rent | 1,000 | 1,378 | 37,750 | 40,128 |
| Plants and plant services | 11,436 | - | 6,210 | 17,646 |
| Meals and catering | 7,041 | 3,455 | 2,171 | 12,667 |
| Travel | 9,441 | - | 71 | 9,512 |
| Interest | - | - | 7,066 | 7,066 |
| Depreciation | - | - | 6,392 | 6,392 |
| Printing and reproduction | 1,057 | 1,640 | 3,388 | 6,085 |
| Marketing | 1,396 | 2,395 | 2,191 | 5,982 |
| Telephone | - | - | 4,616 | 4,616 |
| Equipment | 3,726 | - | 320 | 4,046 |
| Automobile | - | - | 3,924 | 3,924 |
| Utilities | - | - | 3,401 | 3,401 |
| Office supplies | - | - | 3,124 | 3,124 |
| Memberships and subscriptions | - | - | 2,654 | 2,654 |
| Training and licenses | - | - | 2,634 | 2,634 |
| Donor development | 437 | 163 | 1,785 | 2,385 |
| Other | 477 | 1,672 | 6,632 | 8,781 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenses | \$ 279,063 | \$ 46,245 | \$ 148,971 | \$ 474,279 |

The accompanying notes to the financial statements
are an integral part of this statement.

BATON ROUGE GREEN ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Baton Rouge Green Association (BRG) is a 501(c)(3) non-profit that helps restore the urban canopy of Baton Rouge. Over the past 30 years Baton Rouge Green has maintained thousands of trees along major roadways and interstates, planted trees with kids in schools, and has helped underserved neighborhoods with community greening, and cultivating urban orchards to provide citrus to all citizens.

Basis of presentation

BRG prepares its financial statements on the accrual basis of accounting. The significant accounting policies are described below to enhance the usefulness of the financial statements.

BRG reports information regarding financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

- *Net Assets Without Donor Restriction* - Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- *Net Assets With Donor Restriction* - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. BRG has no net assets with donor restrictions at December 31, 2018.

New accounting pronouncement

During the year ended December 31, 2018, BRG adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 - Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This 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 between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 6).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New accounting pronouncement (continued)

Additionally, BRG is now required to present a Statement of Functional Expenses as part of its basic financial statements which has been included as Exhibit D. Other requirements include the netting of investment fees with investment earnings in the Statement of Activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation and the allocation of salaries between program, fundraising, and general and administrative activities.

Cash and cash equivalents

BRG considers all highly liquid investments, money market funds and certificates of deposit with a maturity of three months or less at the date of acquisition to be cash equivalents. There were no cash equivalents at December 31, 2018.

Investment valuation and income recognition

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that BRG has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment valuation and income recognition (continued)

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Investments in equity securities and shares of mutual funds with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. Investments in non-exchange traded debt and equity instruments are valued using independent pricing services or by broker-dealers who actively make markets in these securities.

Additionally, as a result of ASU 2016-14, investment fees are netted with investment earnings (losses) in the Statement of Activities (See Note 2). Unrealized gains and losses and dividends, interest, and other investment income are recorded in current year operations.

Concentration of credit risk

BRG maintains cash in banks, which may at times exceed the FDIC limits; however, management believes this risk is limited.

Property, equipment, and depreciation

Property and equipment with an estimated useful life greater than one year is capitalized at cost, or fair market value if donated, and depreciated over its useful life using the straight-line method. Repairs and maintenance are expensed as incurred.

Grant revenue

BRG receives grants without donor restrictions to support their activities. Grants with donor restrictions that have not been fully expended at year-end are classified as net assets with donor restrictions. All grants received during 2018 were fully expended and, as a result, there are no net assets with donor restrictions at year-end.

Deferred revenue

Deferred revenue represents sponsorships received in advance for various roadway maintenance costs and is recognized monthly throughout the applicable sponsorship periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation and sick leave

Vacation leave is allowed under reasonable circumstances for reasonable durations of time. Accordingly, neither vacation nor sick leave are paid out to employees and, as a result, have not been accrued.

Fair value of financial instruments

The carrying value of cash and cash equivalents, grants and accounts receivable, accounts payable, and deferred revenue approximates fair value due to the short-term maturity of these instruments. The carrying value of the lease obligation payable approximates fair value based off the current rate offered for debt of comparable terms. None of these financial instruments are held for trading purposes.

Cost allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, fundraising, and general and administrative expenses based on direct costs and estimates of time and effort.

Advertising

Advertising costs of \$315 were expensed as incurred in 2018.

Income tax status

BRG qualifies as a tax exempt entity under Section 501(c)(3) of the Internal Revenue Code; therefore, the financial statements have no provision for federal and state income tax. BRG's open audit periods are 2015 through 2018.

Subsequent events

In preparing these financial statements, BRG has evaluated events and transactions for potential recognition and disclosure through June 26, 2019, which was the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

BRG has transferred assets to the Baton Rouge Area Foundation (BRAAF) for investment management. BRG has granted BRAAF variance power which gives BRAAF the authority to select the investment options on behalf of BRG, subject to BRAAF's investment and distribution policies.

BRG reports the fair value of investments in the statement of financial position and reports distributions received as a reduction to the investment balance. Changes in the value of investments are reported as investment income in the statement of activities, and includes income earned, realized and unrealized gains and losses, less investment fees. Investment activity for 2018 was as follows:

| | Amount |
|-----------------------------------|------------|
| Income on investments | \$ 3,069 |
| Investment pool unrealized losses | (3,455) |
| Investment fees | (1,066) |
| Investment loss, net | \$ (1,452) |

As of December 31, 2018, the fair value hierarchy of BRG's investments consisted of Level 2 assets; BRG did not have any Level 1 or Level 3 investments.

NOTE 3 - PROPERTY AND EQUIPMENT

At December 31, 2018, property and equipment is as follows:

| Description | Service Life | Amount |
|-------------------------------|--------------|-----------|
| Office Equipment | 5 years | \$ 28,184 |
| Vehicles | 5 years | 30,182 |
| | | 58,366 |
| Less accumulated depreciation | | (44,279) |
| Property and equipment, net | | \$ 14,087 |

Depreciation expense was \$6,392 for 2018.

NOTE 4 - CONCENTRATIONS

In 2018, approximately \$164,000 of revenue (35%) and \$18,000 of receivables outstanding at year-end (66%) were from one granting agency.

NOTE 5 - COMMITMENTS

Lease obligations

BRG has an operating lease for office space at \$3,050 per month; rent expense for 2018 was \$37,750. Additionally, BRG has an outstanding capital lease obligation for equipment with monthly payments of approximately \$100 through May 2020.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects BRG's financial assets as of December 31, 2018, excluding amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

| | <u>Amount</u> |
|---|-------------------|
| Cash | \$ 143,220 |
| Investments | 118,150 |
| Grants and accounts receivable | <u>27,378</u> |
| Financial assets available to meet cash needs for expenditures within one year | <u>\$ 288,748</u> |

NOTE 7 - PRIOR PERIOD ADJUSTMENTS

During 2018, a prior period adjustment was recorded to properly state accumulated depreciation. The effect of this adjustment on net assets is as follows:

| | <u>Amount</u> |
|--|-------------------|
| Fund balance as of December 31, 2017, as previously stated | \$ 231,554 |
| Restatement of accumulated depreciation | <u>(13,208)</u> |
| Fund balance January 1, 2018, restated | <u>\$ 218,346</u> |

BATON ROUGE GREEN ASSOCIATION, INC.
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

December 31, 2018

(See Accountants' Compilation Report)
(Without Audit)

Agency Head: Sage Roberts Foley, Executive Director

No compensation, benefits, or other payments were paid from public funds.