BRING RECYCLING

FINANCIAL STATEMENTS

For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

Jones & Roth
CPAs & Business Advisors

BRING RECYCLING
FINANCIAL STATEMENTS
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30. 2012)

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BRING Recycling
Eugene, Oregon

We have audited the accompanying financial statements of BRING Recycling (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRING Recycling as of June 30, 2013, 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.

Other Matter

The prior year, summarized comparative information has been derived from BRING Recycling's 2012 financial statements audited by other auditors whose report dated September 26, 2012, expressed an unqualified opinion on those statements.

Jones & Roth, P.C.

Jones & Roth
Eugene, Oregon
October 17, 2013

FINANCIAL STATEMENTS

BRING RECYCLING
STATEMENT OF FINANCIAL POSITION
June 30, 2013
(With Comparative Totals for June 30, 2012)

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 410,663	$ 343,468
Accounts receivable	34,875	22,438
Pledges receivable	33,067	12,911
Inventories	320,689	279,831
Other current assets	200	445
Total current assets	799,494	659,093
Long-term assets		
Property and equipment, net	2,518,938	2,570,611
Pledges receivable, long-term portion	44,550	10,613
Loan fees, net	7,207	7,713
Total long-term assets	2,570,695	2,588,937
Total assets	$ 3,370,189	$ 3,248,030

		2013		2012

Liabilities and Net Assets

Current liabilities				
Accounts payable	$	15,708	$	10,511
Accrued payroll and related expenses		27,097		25,510
Accrued vacation		17,888		13,341
Deferred revenue		4,621		8,417
Current portion of notes payable		17,747		19,000
Total current liabilities		83,061		76,779
Notes payable, net of current portion		597,938		615,951
Total liabilities		680,999		692,730
Net assets				
Unrestricted:				
Net investment in fixed assets		1,903,253		1,935,660
Board designated for capital improvements		182,362		84,000
Available for operations		516,613		500,050
Total unrestricted net assets		2,602,228		2,519,710
Temporarily restricted net assets		86,962		35,590
Total net assets		2,689,190		2,555,300
Total liabilities and net assets	$	3,370,189	$	3,248,030

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2012 Total
Support and revenue					
Non-cash donations	$ 722,573	$ -	$ -	$ 722,573	$ 795,947
Non-donated items sold, net	48,524	-	-	48,524	27,812
Contracts, grants and donations	12,566	344,391	-	356,957	230,316
Sponsorships	36,098	-	-	36,098	30,923
Event income	6,171	-	-	6,171	14,622
Miscellaneous income	1,864	-	-	1,864	1,839
Interest income	335	-	-	335	605
Gain on disposition of property and equipment	-	-	-	-	7,720
Net assets released from restriction	293,019	(293,019)	-	-	-
Total support and revenue	1,121,150	51,372	-	1,172,522	1,109,784
Expenses					
Program services:					
Recycling	686,920	-	-	686,920	676,390
Public education	214,108	-	-	214,108	253,220
Total program services	901,028	-	-	901,028	929,610
			-		
Support services:					
Management and general	89,806	-	-	89,806	98,147
Fundraising	47,798	-	-	47,798	47,290
Total support services	137,604	-	-	137,604	145,437
Total expenses	1,038,632	-	-	1,038,632	1,075,047
Change in net assets	82,518	51,372	-	133,890	34,737
Net assets, beginning of year	2,519,710	35,590	-	2,555,300	2,520,563
Net assets, end of year	$ 2,602,228	$ 86,962	$ -	$ 2,689,190	$ 2,555,300

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	Program Services		
	Recycling	Public Education	Total
Personnel			
Salaries	$ 382,643	$ 138,262	$ 520,905
Payroll taxes and workers compensation	51,269	15,485	66,754
Employee benefits	32,206	420	32,626
Temporary labor	14,406	-	14,406
Total personnel	480,524	154,167	634,691
Operating expenses			
Advertising	6,716	6,701	13,417
Dues and subscriptions	-	127	127
Event expenses	88	640	728
Gas and fuel	8,378	1,239	9,617
Insurance	11,457	2,271	13,728
Interest and bank fees	31,083	4,179	35,262
Licenses, fees, dues and taxes	6,733	132	6,865
Maintenance and repair	7,108	283	7,391
Meetings and conferences	627	90	717
Miscellaneous	-	1,025	1,025
Newsletter	-	10,510	10,510
Other services	11,477	8,710	20,187
Postage and mail	6,530	81	6,611
Professional services	8,380	8,754	17,134
Promotional materials	-	1,959	1,959
Rent expense	30	178	208
Supplies	27,340	5,823	33,163
Utilities and telephone	11,654	4,354	16,008
Total operating expenses	137,601	57,056	194,657
Total functional expenses before depreciation and amortization	618,125	211,223	829,348
Depreciation and amortization	68,795	2,885	71,680
Total functional expenses	$ 686,920	$ 214,108	$ 901,028

Support Services			
Management and General	Fundraising	2013 Total	2012 Total
$ 35,014	$ 33,097	$ 589,016	$ 565,252
3,835	3,484	74,073	68,153
14,518	1,073	48,217	52,692
-	-	14,406	77,668
53,367	37,654	725,712	763,765
794	-	14,211	23,188
884	60	1,071	670
155	-	883	730
203	502	10,322	11,906
4,543	-	18,271	18,643
8,321	859	44,442	44,935
298	-	7,163	6,687
141	-	7,532	5,552
459	13	1,189	1,449
-	-	1,025	574
-	553	11,063	10,592
3,330	225	23,742	5,114
57	351	7,019	3,811
4,703	2,927	24,764	25,675
-	1,152	3,111	2,754
22	-	230	3,420
2,875	3,363	39,401	37,781
3,520	-	19,528	24,173
30,305	10,005	234,967	227,654
83,672	47,659	960,679	991,419
6,134	139	77,953	83,628
$ 89,806	$ 47,798	$ 1,038,632	$ 1,075,047

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013
(With Comparative Totals for the Year Ended June 30, 2012)

	2013	2012
Cash flows from operating activities		
Cash received from sale of inventory	$ 730,239	$ 740,775
Cash receved from contracts, grants and donations	283,131	212,594
Cash received from other sources	43,057	47,384
Interest received	335	605
Cash paid to employees and suppliers	(911,368)	(939,474)
Interest paid	(33,158)	(34,435)
Net cash provided by operating activities	112,236	27,449
Cash flows from investing activities		
Purchase of property and equipment	(25,775)	(20,483)
Proceeds from sale of property and equipment	-	13,250
Proceeds from sale of certificate of deposit	-	1,000
Net cash used by investing activities	(25,775)	(6,233)
Cash flows from financing activities		
Principal payments on note payable	(19,266)	(17,988)
Net increase in cash and cash equivalents	67,195	3,228
Cash and cash equivalents, beginning of year	343,468	340,240
Cash and cash equivalents, end of year	$ 410,663	$ 343,468

	2013	2012
Reconciliation of change in nets assets to net cash provided by operations		
Change in net assets	$ 133,890	$ 34,737
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	77,953	83,628
Gain on disposition of property and equipment	-	(7,720)
Noncash contribution of property and equipment	-	(16,634)
Increase (decrease) in cash caused by certain working capital items:		
Accounts receivable	(12,437)	24,528
Pledges receivable	(54,092)	(17,366)
Inventories	(40,858)	(82,984)
Other current asset	245	82
Accounts payable	5,197	(2,102)
Accrued payroll taxes and benefits	1,587	18,642
Accrued vacation	4,547	888
Deferred revenue	(3,796)	(8,250)
Net cash provided by operating activities	$ 112,236	$ 27,449

Supplemental schedule of noncash investing and financing activities		
In-kind contributions of property and equipment	$ -	$ 16,634

The accompanying notes are an integral part of these statements.

1. Nature of Operations and Summary of Significant Accounting Policies

Organization

BRING Recycling (BRING) collects reusable materials, provides resource conservation education and is an outlet for the purchase of reusable materials for the Lane County, Oregon community. BRING's retail operations are conducted at the Planet Improvement Center at the Franklin Boulevard site.

Program Services

BRING relies primarily on funding from the sale of reusable donated items by individuals and businesses and contracts with governmental and municipal agencies, to provide resource conservation education programs.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Under accounting standards for not-for-profit organizations, BRING is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of BRING and changes therein are classified and reported as follows:

Unrestricted/Undesignated - Net assets available for general obligations of BRING.

Temporarily Restricted - Net assets subject to donor-imposed stipulations that will be met by actions of BRING and/or the passage of time. When a purpose restriction is met or a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted - Net assets subject to donor-imposed restrictions that stipulate the resources be maintained permanently, but permit BRING to use the income.

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. BRING has no permanently restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

BRING considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. BRING's cash and cash equivalents consist of demand deposits and money market accounts. BRING maintains its cash balances in several financial institutions located primarily in Eugene, Oregon. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation. BRING has not experienced any losses in such accounts.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Receivables

BRING considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts was considered necessary. Management determines and evaluates past due balances on an account-by-account basis, and if amounts become uncollectible, they are charged to operations when that determination is made.

Pledges are recorded at their net realizable value computed by discounting amounts to be received in future years by the appropriate risk-free interest rate. Pledges receivable due in less than one year are reported as current assets. Pledges receivable in one to five years are reported as long-term assets. Specific pledges receivable are written off as they become uncollectible. BRING considers all pledges receivable at June 30, 2013 to be collectible.

Inventory

Inventory primarily consists of donated doors, windows, and various other building materials. Inventory is stated at an estimated net realizable value by applying the value to a physical count taken at year-end.

Property and Equipment

Property and equipment purchases in excess of $500 are capitalized at cost. Donated property and equipment are stated at fair value at the date of the gift. Depreciation is computed using the straight-line method at rates based on the estimated useful life of the property and equipment. The estimated useful life for vehicles, office, and other equipment is 5-15 years and 40 years for buildings. Major renewals and betterments are capitalized, while replacements, maintenance, and repairs which do not improve or extend the lives of the respective assets are charged to expense currently. The cost and related accumulated depreciation of property sold or retired are removed from the accounts and any gain or loss is reflected in the change in net assets.

Revenue Recognition

Contributions, which include promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Deferred revenue consists of amounts received in advance under contracts or grants and is recognized when services are performed.

Contributions receivable for the support of future operations, programs, and activities are recorded at the present value of the estimated future cash flows, net of any allowance for uncollectible amounts.

BRING receives donations of reusable items, which include building, industrial, and fabrication materials, at the BRING retail location. Revenue is reported net of inventory adjustments. To benefit the environment by keeping materials out of landfills, BRING purchases and stocks new and surplus items which are sold at their retail location. Fee for service revenue is recognized when the service is performed. Proceeds from fundraising events are recognized as revenue during the period that the fundraising events occur. Amounts received by BRING prior to the event are classified as deferred revenue.

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Contributed Services

BRING receives donated services from unpaid volunteers assisting in the Planet Improvement Center, with special events, with fundraising, and in the site construction project. Donated services from unpaid volunteers are recognized in these financial statements in accordance with the criteria for recognition under accounting standards for not-for-profit organizations. The value of services contributed by these volunteers is not reflected in the financial statements, as these services do not meet the criteria for recognition.

Certain donated professional services or services requiring specialized skills are recorded as contributions at their actual or estimated fair market value on the date of the receipt. The amounts are then also recorded as expenditures, unless they are related to building or improvements, in which case they are capitalized. During the years ended June 30, 2013 and 2012, BRING received in-kind contributions with a fair value of $3,499 and $25,297 on the date of donation, respectively, of which $-0- and $16,634 were capitalized as part of property and equipment, respectively.

Income Taxes

BRING is an Oregon not-for-profit organization and complies with the requirements of Section 501(c)(3) of the Internal Revenue Code. Thus, BRING is exempt from federal and state income taxes. BRING's Form 990, *Return of Organization Exempt from Income Tax*, are generally subject to examination by taxing authorities for a period of three years after filing. Management believes BRING meets the requirements to maintain its tax-exempt status.

Advertising

BRING uses advertising to promote its programs among the audience it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2013 and 2012 was $14,211 and $23,188, respectively.

Functional Expense Allocation

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

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Pledges Receivable

BRING has an ongoing capital campaign to obtain funds for expansion of the Planet Improvement Center. Capital campaign pledges receivable are due as follows as of June 30:

	2013	2012
Less than one year	$ 33,067	$ 12,911
One to five years	44,550	10,613
Total pledges receivable	$ 77,617	$ 23,524

3. Property and Equipment

At June 30, property and equipment consisted of the following amounts:

	2013	2012
Land and improvements	$ 1,125,675	$ 1,125,675
Buildings	1,586,361	1,586,361
Artwork	33,793	33,793
Office equipment and furniture	37,031	30,467
Equipment, stationary and mobile	96,350	96,350
Vehicles	54,752	54,752
Construction in-progress	57,951	38,740
	2,991,913	2,966,138
Accumulated depreciation and amortization	(472,975)	(395,527)
Property and equipment, net	$ 2,518,938	$ 2,570,611

4. Planet Improvement Center

In 2001, BRING purchased a site located at 4446 Franklin Boulevard in Springfield, Oregon to develop a new community facility and organizational headquarters, the Planet Improvement Center. The Center is designed as a model facility demonstrating sustainable practices in action. Site development was planned in two phases. Phase One, completed in 2007, allowed BRING to move in and put in place the infrastructure necessary to conduct retail business, including parking, customer service, receiving, and covered sales areas.

Phase Two, largely complete, has added a second retail space, renovated existing buildings, installed a new, expanded septic drain field, and developed an outdoor meeting and learning space. The remaining work, estimated to cost $600,000, includes grading, paving, a storm water bio-swale and a waste materials enclosure. BRING plans to complete site development by June 2014.

5. Loan Fees

At June 30, loan fees consisted of the following:

	2013	2012
Loan fees	$ 11,203	$ 11,203
Less accumulated amortization	(3,996)	(3,490)
Loan fees, net	$ 7,207	$ 7,713

Estimated amortization expense for the years subsequent to 2013 is as follows:

For the Year Ending June 30,	
2014	$ 365
2015	365
2016	365
2017	365
2018	365
Thereafter	5,113
Total	$ 6,938

6. Line of Credit

BRING has a $50,000 unsecured line of credit with Siuslaw Bank which matured May 2013. At June 30, 2013 and 2012, BRING had a zero balance on the line of credit. The line of credit bears interest at the prime rate plus a margin of 1.5 percent with an interest rate floor of 5.25 percent and a ceiling of 9.25 percent.

7. Notes Payable

At June 30, notes payable consisted of the following:

	2013	2012
Note payable to Siuslaw Bank, due in monthly installments of $2,147, bears interest at the prime rate plus 1.5% and is subject to change every five years with the next rate change date in June 2014 (effective rate of 4.75% at June 30, 2012), matures June 2029, secured by Franklin Boulevard property.	$ 281,107	$ 293,349

7. Notes Payable, continued

	2013	2012
Note payable to Siuslaw Bank, due in monthly installments of $2,221, bears interest at the prime rate plus 1.5% and is subject to change every five years with the next rate change date in April 2016 (effective rate of 5.75% at June 30, 2012), has an interest rate floor of 5.75% and a ceiling of 9.25%, matures April 2021, secured by Franklin Blvd property and substantially all other assets of BRING.	334,577	341,602
	615,684	634,951
Current portion	(17,747)	(19,000)
Notes payable, net of current portion	$ 597,937	$ 615,951

For the Year Ending June 30,	
2014	$ 17,747
2015	21,235
2016	22,350
2017	23,525
2018	24,760
Thereafter	506,067
Total	$ 615,684

8. Temporarily Restricted Net Assets

At June 30, temporarily restricted net assets consisted of the following:

	2013	2012
Cash and cash equivalents	$ 9,345	$ 12,066
Pledges receivable	77,617	23,524
Total temporarily restricted net assets	$ 86,962	$ 35,590

9. Revenues from the Sale Inventory

During the years ended June 30, BRING received donations of reusable items and sold these donated items as follows:

	2013	2012
Sale of reusable donated items	$ 681,716	$ 712,963
Increase in inventory	40,858	82,984
Value of non-cash donations of reusable items	$ 722,574	$ 795,947

10. Pension Plan

BRING established a 403(b) retirement plan effective January 1, 2009. Employees are eligible to participate in the plan at their date of hire and are eligible to receive employer contributions after one year of employment. Contributions to the plan are made at the discretion of the Board of Directors. The Board approved employer matching contributions to the plan during the years ended June 30, 2013 and 2012 were $7,274 and $6,744, respectively.

11. Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BRING's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

12. Reclassifications

Certain amounts within the financial statements were reclassified in the prior year information. The purpose of the reclassifications is to give a consistent representation of BRING’s records. These reclassifications have no effect on reported change in net assets for either period presented.

13. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor’s report.