

BRING RECYCLING

FINANCIAL STATEMENTS

**For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)**

Jones & Roth

CPAs & Business Advisors

BRING RECYCLING
FINANCIAL STATEMENTS
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

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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, 2014, 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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> jr CPA.com

BEND 300 SW Columbia Street
Suite 201
Bend, OR 97702
phone (541) 382-3590
fax (541) 382-3587

EUGENE 432 West 11th Avenue
Eugene, OR 97401
phone (541) 687-2320
fax (541) 485-0960

HILLSBORO 5635 NE Elam Young Pkwy.
Suite 100
Hillsboro, OR 97124
phone (503) 648-0521
fax (503) 648-2692

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, 2014, 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 BRING Recycling's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.
Eugene, Oregon
September 25, 2014

FINANCIAL STATEMENTS

BRING RECYCLING
STATEMENT OF FINANCIAL POSITION
June 30, 2014
(With Comparative Totals for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 345,370	\$ 410,663
Accounts receivable	28,289	34,875
Pledges receivable, current portion	42,916	33,067
Inventories	228,232	320,689
Other current assets	<u>449</u>	<u>200</u>
 Total current assets	 <u>645,256</u>	 <u>799,494</u>
Long-term assets		
Property and equipment, net	2,788,773	2,518,938
Pledges receivable, net of current portion	18,585	44,550
Loan fees, net	<u>6,842</u>	<u>7,207</u>
 Total long-term assets	 <u>2,814,200</u>	 <u>2,570,695</u>
 Total assets	 <u><u>\$ 3,459,456</u></u>	 <u><u>\$ 3,370,189</u></u>

	<u>2014</u>	<u>2013</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 11,370	\$ 15,708
Accrued payroll and related expenses	34,765	27,097
Accrued vacation	19,249	17,888
Deferred revenue	8,646	4,621
Notes payable, current portion	<u>21,235</u>	<u>17,747</u>
Total current liabilities	95,265	83,061
Notes payable , net of current portion	<u>584,666</u>	<u>597,938</u>
Total liabilities	<u>679,931</u>	<u>680,999</u>
Net assets		
Unrestricted:		
Net investment in fixed assets	2,193,036	1,903,253
Board designated for capital improvements	115,759	182,362
Available for operations	<u>409,229</u>	<u>516,613</u>
Total unrestricted net assets	2,718,024	2,602,228
Temporarily restricted net assets	<u>61,501</u>	<u>86,962</u>
Total net assets	<u>2,779,525</u>	<u>2,689,190</u>
Total liabilities and net assets	<u>\$ 3,459,456</u>	<u>\$ 3,370,189</u>

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Total	
Support and revenue				
Non-cash donations	\$ 562,289	\$ -	\$ 562,289	\$ 722,573
Non-donated items sold, net	48,373	-	48,373	48,524
Contracts, grants and donations	33,930	511,107	545,037	356,957
Sponsorships	30,175	-	30,175	36,098
Event income	6,481	-	6,481	6,171
Miscellaneous income	-	-	-	1,864
Interest income	365	-	365	335
Gain on disposition of property and equipment	500	-	500	-
Net assets released from restriction	<u>536,568</u>	<u>(536,568)</u>	<u>-</u>	<u>-</u>
 Total support and revenue	 <u>1,218,681</u>	 <u>(25,461)</u>	 <u>1,193,220</u>	 <u>1,172,522</u>
Expenses				
Program services:				
Recycling	742,560	-	742,560	686,920
Public education	<u>209,707</u>	<u>-</u>	<u>209,707</u>	<u>214,108</u>
 Total program services	 <u>952,267</u>	 <u>-</u>	 <u>952,267</u>	 <u>901,028</u>
Support services:				
Management and general	81,109	-	81,109	89,806
Fundraising	<u>69,509</u>	<u>-</u>	<u>69,509</u>	<u>47,798</u>
 Total support services	 <u>150,618</u>	 <u>-</u>	 <u>150,618</u>	 <u>137,604</u>
 Total expenses	 <u>1,102,885</u>	 <u>-</u>	 <u>1,102,885</u>	 <u>1,038,632</u>
 Change in net assets	 115,796	 (25,461)	 90,335	 133,890
Net assets, beginning of year	<u>2,602,228</u>	<u>86,962</u>	<u>2,689,190</u>	<u>2,555,300</u>
Net assets, end of year	<u>\$ 2,718,024</u>	<u>\$ 61,501</u>	<u>\$ 2,779,525</u>	<u>\$ 2,689,190</u>

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	Program Services		
	Recycling	Public Education	Total
Personnel			
Salaries	\$ 364,199	\$ 140,077	\$ 504,276
Payroll taxes and workers compensation	48,893	14,699	63,592
Employee benefits	41,512	-	41,512
Temporary labor	16,021	-	16,021
	<u>470,625</u>	<u>154,776</u>	<u>625,401</u>
Operating expenses			
Advertising	5,781	6,556	12,337
Calendar	-	1,570	1,570
Dues and subscriptions	343	169	512
Event expenses	-	540	540
Gas and fuel	7,557	1,467	9,024
Insurance	11,670	2,440	14,110
Interest and bank fees	30,375	4,180	34,555
Licenses, fees, dues and taxes	6,995	177	7,172
Maintenance and repair	6,112	-	6,112
Meetings and conferences	812	78	890
Miscellaneous	70	-	70
Newsletter	-	10,237	10,237
Other services	10,270	6,438	16,708
Postage and mail	8,338	237	8,575
Professional services	9,663	9,505	19,168
Promotional materials	481	983	1,464
Rent expense	-	-	-
Supplies	16,961	5,446	22,407
Utilities and telephone	14,449	3,189	17,638
	<u>129,877</u>	<u>53,212</u>	<u>183,089</u>
Total operating expenses			
	600,502	207,988	808,490
Total functional expenses before depreciation and amortization			
	142,058	1,719	143,777
Depreciation and amortization			
Total functional expenses	<u>\$ 742,560</u>	<u>\$ 209,707</u>	<u>\$ 952,267</u>

<u>Support Services</u>			
<u>Management and General</u>	<u>Fundraising</u>	<u>2014 Total</u>	<u>2013 Total</u>
\$ 29,940	\$ 49,889	\$ 584,105	\$ 589,016
2,566	4,985	71,143	74,073
14,692	220	56,424	48,217
<u>-</u>	<u>-</u>	<u>16,021</u>	<u>14,406</u>
<u>47,198</u>	<u>55,094</u>	<u>727,693</u>	<u>725,712</u>
825	-	13,162	14,211
-	-	1,570	-
1,066	-	1,578	1,071
-	4,267	4,807	883
64	443	9,531	10,322
4,580	-	18,690	18,271
8,183	1,169	43,907	44,442
337	-	7,509	7,163
-	-	6,112	7,532
264	203	1,357	1,189
60	-	130	1,025
-	539	10,776	11,063
2,150	2,621	21,479	23,742
140	413	9,128	7,019
5,466	-	24,634	24,764
192	1,253	2,909	3,111
-	-	-	230
2,446	3,202	28,055	39,401
<u>3,201</u>	<u>-</u>	<u>20,839</u>	<u>19,528</u>
<u>28,974</u>	<u>14,110</u>	<u>226,173</u>	<u>234,967</u>
76,172	69,204	953,866	960,679
<u>4,937</u>	<u>305</u>	<u>149,019</u>	<u>77,953</u>
<u>\$ 81,109</u>	<u>\$ 69,509</u>	<u>\$ 1,102,885</u>	<u>\$ 1,038,632</u>

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2014
(With Comparative Totals for the Year Ended June 30, 2013)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 90,335	\$ 133,890
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	149,019	77,953
Gain on disposal of property	500	-
(Increase) decrease in:		
Accounts receivable	6,586	(12,437)
Pledges receivable	16,116	(54,092)
Inventories	92,457	(40,858)
Other current asset	(249)	245
Increase (decrease) in:		
Accounts payable	(4,338)	5,197
Accrued payroll and related expenses	7,668	1,587
Accrued vacation	1,361	4,547
Deferred revenue	<u>4,025</u>	<u>(3,796)</u>
Net cash provided by operating activities	<u>363,480</u>	<u>112,236</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(418,989)</u>	<u>(25,775)</u>
Cash flows from financing activities		
Principal payments on note payable	(19,948)	(19,266)
Proceeds from long-term debt borrowings	<u>10,164</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(9,784)</u>	<u>(19,266)</u>
Net change in cash and cash equivalents	(65,293)	67,195
Cash and cash equivalents, beginning of year	<u>410,663</u>	<u>343,468</u>
Cash and cash equivalents, end of year	<u>\$ 345,370</u>	<u>\$ 410,663</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ 32,477</u>	<u>\$ 33,158</u>

The accompanying notes are an integral part of these statements.

BRING RECYCLING
NOTES TO FINANCIAL 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.

BRING RECYCLING
NOTES TO FINANCIAL STATEMENTS

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, 2014, 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 to 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. 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.

BRING RECYCLING
NOTES TO FINANCIAL STATEMENTS

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, 2014 and 2013, BRING received in-kind contributions with a fair value of \$6,288 and \$3,499 on the date of donation, respectively, of which no amount was capitalized as part of property and equipment.

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, 2014 and 2013, was \$13,162 and \$14,211, 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.

BRING RECYCLING
NOTES TO FINANCIAL STATEMENTS

2. Pledges Receivable

BRING completed the capital campaign to obtain funds for expansion of the Planet Improvement Center. As of June 30, capital campaign pledges receivable were as follows:

	<u>2014</u>	<u>2013</u>
Less than one year	\$ 42,916	\$ 33,067
One to five years	<u>18,585</u>	<u>44,550</u>
Total pledges receivable	<u>\$ 61,501</u>	<u>\$ 77,617</u>

3. Property and Equipment

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

	<u>2014</u>	<u>2013</u>
Land and improvements	\$ 1,396,089	\$ 1,125,675
Buildings	1,789,001	1,586,361
Artwork	33,793	33,793
Office equipment and furniture	33,727	37,031
Equipment, stationary and mobile	90,109	96,350
Vehicles	52,608	54,752
Construction in-progress	-	<u>57,951</u>
	<u>3,395,327</u>	<u>2,991,913</u>
Accumulated depreciation and amortization	<u>(606,554)</u>	<u>(472,975)</u>
Property and equipment, net	<u>\$ 2,788,773</u>	<u>\$ 2,518,938</u>

4. Loan Fees

At June 30, loan fees consisted of the following:

	<u>2014</u>	<u>2013</u>
Loan fees	\$ 11,203	\$ 11,203
Accumulated amortization	<u>(4,361)</u>	<u>(3,996)</u>
Loan fees, net	<u>\$ 6,842</u>	<u>\$ 7,207</u>

BRING RECYCLING
NOTES TO FINANCIAL STATEMENTS

4. Loan Fees, continued

Estimated amortization expense for the years subsequent to 2014 is as follows:

For the Year Ending June 30,

2015	\$	365
2016		365
2017		365
2018		365
2019		365
Thereafter		<u>5,017</u>
 Total	 \$	 <u><u>6,842</u></u>

5. Notes Payable

At June 30, notes payable consisted of the following:

	<u>2014</u>	<u>2013</u>
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, 2014), matures June 2029, secured by Franklin Boulevard property.	\$ 268,535	\$ 281,108
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, 2014), 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.	327,202	334,577
Note payable to city of Springfield, due in annual installments of \$2,500, bearing no interest, matures July 2023, unsecured.	<u>10,164</u>	<u>-</u>
Current portion	<u>605,901</u> <u>(21,235)</u>	<u>615,685</u> <u>(17,747)</u>
Notes payable, net of current portion	<u><u>\$ 584,666</u></u>	<u><u>\$ 597,938</u></u>

BRING RECYCLING
NOTES TO FINANCIAL STATEMENTS

5. Notes Payable, continued

For the Year Ending June 30,

2015	\$	21,235
2016		24,850
2017		26,025
2018		27,260
2019		28,562
Thereafter		<u>477,969</u>
 Total		 <u><u>\$ 605,901</u></u>

6. Temporarily Restricted Net Assets

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

	<u>2014</u>		<u>2013</u>
Cash and cash equivalents	\$ -		\$ 9,345
Pledges receivable	<u>61,501</u>		<u>77,617</u>
 Total temporarily restricted net assets	 <u><u>\$ 61,501</u></u>		 <u><u>\$ 86,962</u></u>

7. Revenues from the Sale of Donated Inventory

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

	<u>2014</u>		<u>2013</u>
Sale of reusable donated items	\$ 654,746		\$ 681,715
Change in inventory	<u>(92,457)</u>		<u>40,858</u>
 Value of non-cash donations of reusable items	 <u><u>\$ 562,289</u></u>		 <u><u>\$ 722,573</u></u>

8. 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, 2014 and 2013, were \$7,945 and \$7,274, respectively.

BRING RECYCLING
NOTES TO FINANCIAL STATEMENTS

9. 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, 2013, from which the summarized information was derived.

10. 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.

11. 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.