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BRING RECYCLING

FINANCIAL STATEMENTS

For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

Jones & Roth
CPAs & Business Advisors

BRING RECYCLING
FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

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INDEPENDENT AUDITOR'S REPORT

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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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Jones & Roth, P.C.
Eugene, Oregon
September 26, 2016

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FINANCIAL STATEMENTS

BRING RECYCLING
STATEMENT OF FINANCIAL POSITION
June 30, 2016
(With Comparative Totals for June 30, 2015)

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	2016	2015
Assets		
Current assets		
Cash and cash equivalents	$ 333,716	$ 377,918
Accounts receivable	30,250	31,350
Pledges receivable, current portion	1,183	11,337
Inventories	188,382	210,148
Other current assets	499	580
Total current assets	554,030	631,333
Long-term assets		
Property and equipment, net	2,615,375	2,686,894
Pledges receivable, net of current portion	1,950	4,805
Loan fees, net	2,092	2,324
Total long-term assets	2,619,417	2,694,023
Total assets	$ 3,173,447	$ 3,325,356

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	2016	2015
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 22,807	$ 16,500
Accrued payroll and related expenses	22,606	20,204
Accrued vacation	14,242	9,018
Deferred revenue	10,932	3,840
Notes payable, current portion	15,381	10,614
Total current liabilities	85,968	60,176
Notes payable, net of current portion	564,458	581,590
Total liabilities	650,426	641,766
Net assets		
Unrestricted:		
Net investment in property and equipment	2,045,920	2,104,853
Board designated	95,639	99,833
Available for operations	342,374	430,281
Total unrestricted net assets	2,483,933	2,634,967
Temporarily restricted net assets	39,088	48,623
Total net assets	2,523,021	2,683,590
Total liabilities and net assets	$ 3,173,447	$ 3,325,356

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

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	2016			
	Unrestricted	Temporarily Restricted	Total	2015 Total
Support and revenue				
Non-cash donations	$ 581,288	$ -	$ 581,288	$ 677,485
Non-donated items sold, net	81,120	-	81,120	69,028
Contracts, grants, and donations	100,010	167,500	267,510	311,178
Sponsorships	37,291	-	37,291	34,445
Event income	7,762	-	7,762	7,049
Miscellaneous income	120	-	120	514
Interest income	291	-	291	290
Gain on disposition of property and equipment	10,500	-	10,500	2,528
Net assets released from restriction	177,035	(177,035)	-	-
Total support and revenue	995,417	(9,535)	985,882	1,102,517
Expenses				
Program services:				
Recycling	719,442	-	719,442	750,398
Public education	272,478	-	272,478	230,264
Total program services	991,920	-	991,920	980,662
Support services:				
Management and general	111,999	-	111,999	170,083
Fundraising	42,532	-	42,532	47,707
Total support services	154,531	-	154,531	217,790
Total expenses	1,146,451	-	1,146,451	1,198,452
Change in net assets	(151,034)	(9,535)	(160,569)	(95,935)
Net assets, beginning of year	2,634,967	48,623	2,683,590	2,779,525
Net assets, end of year	$ 2,483,933	$ 39,088	$ 2,523,021	$ 2,683,590

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

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	Program Services		
	Recycling	Public Education	Total
Personnel			
Salaries	$ 292,593	$ 160,017	$ 452,610
Payroll taxes and workers compensation	38,866	16,199	55,065
Employee benefits	45,167	4,166	49,333
Temporary labor	121,715	6,839	128,554
Total personnel	498,341	187,221	685,562
Operating expenses			
Advertising	5,325	9,681	15,006
Dues and subscriptions	687	145	832
Event expenses	-	410	410
Gas and fuel	5,719	2,667	8,386
Transport	887	-	887
Insurance	14,420	2,934	17,354
Interest and bank fees	30,350	3,508	33,858
Licenses, fees, dues, and taxes	12,531	684	13,215
Maintenance and repair	9,379	-	9,379
Meetings and conferences	1,247	580	1,827
Miscellaneous	289	-	289
Newsletter	-	11,805	11,805
Other services	20,671	18,324	38,995
Postage and mail	311	577	888
Professional services	9,314	16,041	25,355
Promotional materials	-	-	-
Rent expense	-	-	-
Supplies	18,833	6,209	25,042
Utilities and telephone	14,039	3,811	17,850
Total operating expenses	144,002	77,376	221,378
Total functional expenses before depreciation and amortization	642,343	264,597	906,940
Depreciation and amortization	77,099	7,881	84,980
Total functional expenses	$ 719,442	$ 272,478	$ 991,920

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Support Services			
Management and General	Fundraising	Total	2015 Total
$ 26,986	$ 38,413	$ 518,009	$ 612,163
6,003	-	61,068	63,630
18,466	-	67,799	69,982
1,891	-	130,445	61,633
53,346	38,413	777,321	807,408
817	794	16,617	18,943
1,888	569	3,289	2,304
207	-	617	4,014
606	-	8,992	9,954
-	-	887	1,425
5,869	-	23,223	20,864
7,378	-	41,236	44,060
306	-	13,521	13,560
-	-	9,379	6,134
233	-	2,060	1,433
-	-	289	3,088
-	621	12,426	12,370
4,250	-	43,245	29,721
321	-	1,209	3,027
16,176	-	41,531	58,548
-	350	350	480
-	-	-	484
2,695	1,785	29,522	32,459
2,578	-	20,428	16,506
43,324	4,119	268,821	279,374
96,670	42,532	1,046,142	1,086,782
15,329	-	100,309	111,670
$ 111,999	$ 42,532	$ 1,146,451	$ 1,198,452

The accompanying notes are an integral part of these statements.

BRING RECYCLING
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2016
(With Comparative Totals for the Year Ended June 30, 2015)

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	2016	2015
Cash flows from operating activities		
Change in net assets	$ (160,569)	$ (95,935)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	100,309	111,670
Gain on disposal of property and equipment	(10,500)	(2,528)
(Increase) decrease in:		
Accounts receivable	1,100	(3,061)
Pledges receivable	13,009	45,359
Inventories	21,766	18,084
Other current assets	80	(131)
Increase (decrease) in:		
Accounts payable	6,307	5,130
Accrued payroll and related expenses	2,402	(14,561)
Accrued vacation	5,224	(10,231)
Deferred revenue	7,092	(4,806)
Net cash provided (used) by operating activities	(13,780)	48,990
Cash flows from investing activities		
Proceeds from sale of property and equipment	10,500	2,700
Purchase of property and equipment	(28,557)	(5,445)
Net cash used by investing activities	(18,057)	(2,745)
Cash flows from financing activities		
Principal payments on note payable	(12,365)	(595,737)
Proceeds from long-term debt borrowings	-	582,040
Net cash used by financing activities	(12,365)	(13,697)
Net increase (decrease) in cash and cash equivalents	(44,202)	32,548
Cash and cash equivalents, beginning of year	377,918	345,370
Cash and cash equivalents, end of year	$ 333,716	$ 377,918
Supplemental cash flow information		
Cash paid for interest	$ 27,872	$ 30,111

The accompanying notes are an integral part of these statements.

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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 June 30, 2016 and 2015, cash balances held in excess of federally insured limits were $-0- and $18,838, respectively. BRING has not experienced any losses in such accounts.

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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 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, 2016 and 2015, to be collectible.

Inventories

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. Inventory includes $19,477 of purchased inventory which is recorded at cost.

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 its 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.

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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, 2016 and 2015, BRING received in-kind contributions with a fair value of $4,369 and $2,548 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*, is 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, 2016 and 2015, was $16,617 and $18,943, 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.

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2. Pledges Receivable

BRING completed the capital campaign in 2014 to obtain funds for expansion of the Planet Improvement Center. As of June 30, capital campaign and other pledges receivable were as follows:

	2016	2015
Less than one year	$ 1,183	$ 11,337
One to five years	1,950	4,805
Total pledges receivable	$ 3,133	$ 16,142

3. Property and Equipment

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

	2016	2015
Land and improvements	$ 1,396,089	$ 1,396,089
Buildings	1,789,001	1,789,001
Artwork	33,793	33,793
Office equipment and furniture	45,684	35,925
Equipment, stationary and mobile	77,511	80,859
Vehicles	46,408	49,331
	3,388,486	3,384,998
Accumulated depreciation and amortization	(773,111)	(698,104)
Property and equipment, net	$ 2,615,375	$ 2,686,894

4. Loan Fees

At June 30, loan fees consisted of the following:

	2016	2015
Loan fees	$ 2,324	$ 2,324
Accumulated amortization	(232)	-
Loan fees, net	$ 2,092	$ 2,324

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4. Loan Fees, continued

Estimated amortization expense for the years subsequent to 2016 is as follows:

For the Year Ending June 30,	
2017	$ 232
2018	232
2019	232
2020	232
2021	232
Thereafter	932
Total	$ 2,092

5. Notes Payable

At June 30, notes payable consisted of the following:

	2016	2015
Note payable to city of Springfield, due in annual installments of $2,500 with payments starting July 2016, bearing no interest, matures July 2023, unsecured.	$ 10,293	$ 10,164
Note payable to Summit Bank, due in monthly installments of $3,364, bears interest at the Index rate plus 3.000% and is subject to change every five years with the next rate change in August 2020 (effective rate of 4.860% at June 30, 2016), matures July 2025, secured by Franklin Boulevard property.	569,546	582,040
	579,839	592,204
Current portion	(15,381)	(10,614)
Notes payable, net of current portion	$ 564,458	$ 581,590

For the Year Ending June 30,	
2017	$ 15,381
2018	15,975
2019	16,645
2020	17,306
2021	15,918
Thereafter	498,614
Total	$ 579,839

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6. Temporarily Restricted Net Assets

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

	2016	2015
Cash and cash equivalents	$ 35,955	$ 32,481
Pledges receivable	3,133	16,142
Total temporarily restricted net assets	$ 39,088	$ 48,623

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:

	2016	2015
Sale of reusable donated items	$ 603,054	$ 695,569
Change in inventory	(21,766)	(18,084)
Value of non-cash donations of reusable items	$ 581,288	$ 677,485

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, 2016 and 2015, were $7,451 and $9,193, respectively.

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, 2015, from which the summarized information was derived.

10. Reclassifications

Certain amounts in the 2015 financial statements have been reclassified for comparative purposes to conform to the 2016 presentation.

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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.