

**Environmental Fund For Georgia, Inc.
dba EarthShare of Georgia**

Audit of Financial Statements

June 30, 2016 and 2015

Independent Auditor's Report

To the Board of Directors of
Environmental Fund for Georgia, Inc. dba EarthShare of Georgia

I have audited the accompanying financial statements of Environmental Fund for Georgia, Inc. dba EarthShare of Georgia (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years ended June 30, 2016 and 2015, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Environmental Fund for Georgia, Inc. dba EarthShare of Georgia as of June 30, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

J. Lunsford CPA

October 26, 2016

Statement of Financial Position - June 30, 2016 and 2015

	2016	2015
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 33,143	\$ 34,100
Accounts Receivable	2,674	18,545
Campaign Revenue Receivable - Net of Allowance of \$26,702 and \$31,785, respectively	269,982	321,381
Prepaid Expense	2,498	2,498
Total Current Assets	308,297	376,524
Property and Equipment		
Equipment and Furniture	9,445	8,615
Accumulated Depreciation	(8,056)	(7,107)
Net Property and Equipment	1,389	1,508
Other Assets		
Investments	108,050	113,001
Security Deposits	2,498	2,498
Total Other Assets	110,548	115,499
Total Assets	\$ 420,234	\$ 493,531
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	4,096	1,188
Campaign Revenue Payable	274,988	354,152
Total Current Liabilities	279,084	355,340
Net Assets		
Unrestricted	141,150	138,191
Total Net Assets	141,150	138,191
Total Liabilities and Net Assets	\$ 420,234	\$ 493,531

The accompanying notes are an integral part of these financial statements

Statement of Activities - Year Ended June 30, 2016 With Comparative Information For June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>June 30 2015</u>
Amounts Raised in Campaigns				
Gross Pledges	\$ 269,875	\$ -	\$ 269,875	\$ 368,605
Less: Shrinkage	(24,289)	-	(24,289)	(33,174)
Amounts designated by donors to member charities	(71,636)	-	(71,636)	(33,425)
Public support designated to EarthShare of Georgia	173,950	-	173,950	302,006
Support Revenues and Reclassifications				
Public support designated to EarthShare of Georgia	173,950	-	173,950	302,006
Earth Day	59,939	-	59,939	54,330
Member Dues	78,000	-	78,000	78,188
Donations	105,035	-	105,035	88,781
In-Kind Donations	98,245	-	98,245	62,061
New Member Fee	227	-	227	22,500
Rental Income	4,375	-	4,375	-
Other Income	17,853	-	17,853	-
Interest/Dividend Income	4,254	-	4,254	3,868
Realized/Unrealized (Loss) on Investments	(9,174)	-	(9,174)	(4,385)
Total Public Support, Revenues and Reclassifications	532,703	-	532,703	607,349
Expenditures				
Program Services				
Member Group Allocations	173,950	-	173,950	302,006
Workplace Access	288,235	-	288,235	241,462
Total Program Expenditures	462,185	-	462,185	543,468
Supporting Services				
Management & General	52,060	-	52,060	45,486
Fundraising	15,499	-	15,499	14,177
Total Other Expenses	67,559	-	67,559	59,663
Total Program Expenditures & Other Expenses	529,744	-	529,744	603,131
Change in Net Assets	2,959	-	2,959	4,218
Net Assets at Beginning of Period	138,191	-	138,191	133,973
Net Assets at End of Period	\$ 141,150	\$ -	\$ 141,150	\$ 138,191

The accompanying notes are an integral part of these financial statements

Statement of Functional Expenses - Year Ended June 30, 2016 With Comparative Information For June 30, 2015

	Program Services		Supporting Services		Total	June 30 2015
	Member Group Allocations	Workplace Campaigns	Management & General	Fundraising		
Salaries	\$ -	\$ 106,554	\$ 16,306	\$ 10,914	\$ 133,774	\$ 124,234
Payroll Taxes & Benefits	-	23,193	3,549	2,375	29,117	27,842
Contract Labor	-	10,553	-	-	10,553	14,602
In-kind Donations	-	98,245	-	-	98,245	61,696
Accounting	-	-	5,000	-	5,000	5,000
Distributions to Member Agencies	173,950	-	-	-	173,950	302,006
Conferences	-	2,731	-	-	2,731	2,840
Depreciation	-	-	949	-	949	731
Dues & Subscriptions	-	-	9,590	-	9,590	7,308
Information Technology	-	2,505	-	-	2,505	2,251
Insurance - Business	-	-	3,557	-	3,557	4,756
Marketing	-	3,171	-	-	3,171	3,023
Multi-state Campaign	-	-	-	-	-	531
Office Expense	-	1,699	1,699	-	3,398	6,792
Postage	-	520	130	-	650	625
Printing	-	-	-	-	-	365
Rent	-	30,394	3,576	1,788	35,758	28,967
Bad Debt Expense	-	-	6,861	-	6,861	2,092
Telephone	-	7,170	843	422	8,435	6,440
Travel	-	1,500	-	-	1,500	1,030
	<u>\$ 173,950</u>	<u>\$ 288,235</u>	<u>\$ 52,060</u>	<u>\$ 15,499</u>	<u>\$ 529,744</u>	<u>\$ 603,131</u>

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows - Year Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 2,959	\$ 4,218
Adjustments To Reconcile Change in Net Assets		
To Net Cash Provided by Operating Activities:		
Depreciation	949	731
Realized/Unrealized (Gains) Losses on Investments	9,174	4,385
Change in Accounts Receivable	15,871	(9,838)
Change in Campaign Revenue Receivable	51,399	(48,810)
Change in Members Dues Payable	-	(16,325)
Change in Accounts Payable	2,908	
Change in Campaign Revenue Payable	(79,164)	39,468
Net Cash Provided (Used) by Operating Activities	<u><u>4,096</u></u>	<u><u>(26,171)</u></u>
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(831)	(665)
Dividend Reinvestment	(4,221)	(2,634)
Net Cash Provided (Used) By Investing Activities	<u><u>(5,052)</u></u>	<u><u>(3,299)</u></u>
Net Increase (Decrease) in Cash and Cash Equivalents	(956)	(29,470)
Cash and Cash Equivalents as of the Beginning of Year	<u>34,100</u>	<u>63,570</u>
Cash and Cash Equivalents as of the End of Year	<u><u>\$ 33,144</u></u>	<u><u>\$ 34,100</u></u>

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements - June 30, 2016 and 2015

Note 1: Organization and Nature of Activities

The Environmental Fund for Georgia, Inc. is a not-for-profit organization exempt from income tax under section 501(c)(3) of the U.S. Internal Revenue Code. On June 6, 2001, the Organization began doing business as EarthShare of Georgia.

EarthShare of Georgia offers citizens one smart and simple way to care for our air, land and water. As Georgia's only environmental fund, EarthShare of Georgia partners with Georgia businesses and employees to support more than 62 leading environmental groups through workplace campaigns and other activities. Employee donated funds are then allocated to support the operations and programs of EarthShare of Georgia's member groups.

Note 2: Summary of Significant Accounting Policies

Revenue Recognition

Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Such unrestricted donor contributions are therefore included in unrestricted net assets, even though use of the funds may be restricted by the Organization's Board of Directors. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. The majority of the promises to give are received from a broad base of Georgia contributors as a result of the workplace giving programs. An allowance for uncollectible pledges is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received.

Investment earnings available for distribution are recorded in unrestricted net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allocation of Expenses

Salaries and employee benefits are allocated by management among program expenses and supporting services on the basis of estimated hours worked by the staff on the various activities of the Organization. All other functional expenses are specifically identified to a related project and are allocated among services based on the nature of the project.

Notes to Financial Statements - June 30, 2016 and 2015

Note 2: Summary of Significant Accounting Policies - continued

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are composed of mutual funds with readily determinable market values and are carried at their fair market value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

Property and equipment are recorded at cost or fair value for contributed property and equipment and depreciated over the estimated useful lives of five years using the straight-line method. Depreciation expense for the year ended June 30, 2016 and 2015 was \$949 and \$731, respectively.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(C)(3) of the Internal Revenue Code.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with ASC 958-205-05-5 and ASC 958-205-05-6. This requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Note 3: Investments

Investments at June 30, 2015 and 2014 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Mutual Funds - Cost	<u>\$ 102,485</u>	<u>\$ 97,805</u>
Mutual Funds - Fair Value	<u>\$ 108,050</u>	<u>\$ 113,001</u>

As discussed in Note 5 to these financial statements, the Organization is required to report its fair value measurements in one of three levels. The Organization reports the fair value of investments using level 1.

Notes to Financial Statements - June 30, 2016 and 2015

Note 4: Concentrations of Credit Risk

The predominate amount of the Organization's contributions are received from employees of Georgia Corporations. As such, the organization's ability to generate resources via employee giving is dependent upon the economic health of that area. An economic downturn could cause a decrease in employee giving that coincides with an increase in demand for the organization's services.

The Organization's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of those investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets should mitigate the impact of any such changes.

Note 5: Fair Value Measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used are

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 - Inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly, or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets in markets that are not active
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means

Level 3 - Unobservable inputs for the asset or liability. These should be used to measure the fair value to the extent that observable inputs are unavailable.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for all of the assets and liabilities that the Organization may be required to measure fair value (for example, in-kind contributions). The primary use of fair value measures in these financial statements are in the recurring measurement of investments (Note 3).

Notes to Financial Statements - June 30, 2016 and 2015

Note 6: Donated Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. During FYE 06/30/2016 \$1,744 has been recognized in the statement of activities for donated services because the criteria for recognition was met.

Note 7: Operating Leases

The Organization leases office space under a noncancelable operating lease. The lease term is 92 months commencing July 1st, 2013 and ending on February 28, 2021. The Base Rental Rate under the lease is \$2,497.58 per month. The Base Rent increases by 3% on the 1st day of each successive year. Pursuant to the lease, the Organization is only required to pay 50% of the Base Rent for the first 16 months under the lease term. In the event of any subsequent uncured event of default, all Base Rent that has been abated would become immediately due and payable.

<u>Year Ended</u>	<u>Lease Payment</u>
June 30, 2017	32,750
June 30, 2018	33,732
June 30, 2019	34,744
June 30, 2020	35,787
June 30, 2021	36,860
Total	\$ 173,873

Note 8: Subsequent Events

The Organization has evaluated subsequent events through October 26, 2016 which is the date the financial statements were prepared. No subsequent events were identified that required adjustment to or disclosure within the financial statements.

Note 9: FIN 48 Disclosure

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state tax jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2016.