

Greenlights for NonProfit Success

FINANCIAL STATEMENTS

December 31, 2008

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Aaron W Games, PLLC

Certified Public Accountants & Consultants

Independent Auditor's Report

To the Board of Directors of
Greenlights for NonProfit Success

We have audited the accompanying statement of financial position of Greenlights for NonProfit Success (a Texas 501(c)(3) Corporation) as of December 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenlights for NonProfit Success as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Aaron W Games, PLLC
Austin, Texas

December 4, 2009

Greenlights for NonProfit Success

STATEMENT OF FINANCIAL POSITION

December 31, 2008

ASSETS

| | |
|--|--------------------------|
| Current assets: | |
| Cash | \$ 5,802 |
| Cash held in trust - fiscally sponsored organizations | 59,950 |
| Certificates of deposit held in trust - fiscally sponsored organizations | 30,839 |
| Accounts receivable | 44,438 |
| Grant receivable | 70,000 |
| Prepaid expenses | 12,127 |
| | <u>223,156</u> |
| Fixed assets: | |
| Leasehold improvements | 13,165 |
| Furniture, fixtures & equipment | 49,652 |
| | <u>62,817</u> |
| Less: accumulated depreciation | (43,413) |
| | <u>19,404</u> |
| Other assets: | |
| Grant receivable | <u>55,000</u> |
| Total assets | <u><u>\$ 297,560</u></u> |

LIABILITIES & NET ASSETS

| | |
|--|--------------------------|
| Current liabilities: | |
| Accounts payable | \$ 14,361 |
| Deferred revenues | 8,443 |
| Promissory note - current portion | 17,500 |
| | <u>40,304</u> |
| Promissory note - net of current portion | 17,500 |
| | <u>57,804</u> |
| Net assets: | |
| Unrestricted | 18,967 |
| Temporarily restricted | 220,789 |
| | <u>239,756</u> |
| Total liabilities & net assets | <u><u>\$ 297,560</u></u> |

See notes to financial statements.

Greenlights for NonProfit Success

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

UNRESTRICTED NET ASSETS

Increases:

| | |
|--|------------|
| Consulting revenues | \$ 382,395 |
| Donations received | 288,043 |
| Program revenues | 232,189 |
| Back office revenues | 205,311 |
| Membership dues | 48,432 |
| Conferences & fundraising events, net of related costs of \$35,140 | 13,721 |
| Interest earnings | 759 |

| | |
|---|------------------|
| Net assets released from restriction for use of funds | 121,500 |
| | <u>1,292,350</u> |

Decreases:

| | |
|------------------------|------------------|
| Program services | 1,028,506 |
| Supporting services: | |
| Management and general | 149,146 |
| Fundraising | 128,689 |
| | <u>1,306,341</u> |

| | |
|-------------------------------------|------------------|
| Net decrease in unrestricted assets | (13,991) |
| Beginning unrestricted net assets | 32,958 |
| Ending unrestricted net assets | <u>\$ 18,967</u> |

TEMPORARILY RESTRICTED NET ASSETS

Increases:

| | |
|-------------------------|------------|
| Grants & other receipts | \$ 282,903 |
|-------------------------|------------|

Decreases:

| | |
|---|----------------|
| Net assets released from restriction for use of funds | <u>121,500</u> |
|---|----------------|

| | |
|---|-------------------|
| Net increase in temporarily restricted net assets | 161,403 |
| Beginning temporarily restricted net assets | 59,386 |
| Ending temporarily restricted net assets | <u>\$ 220,789</u> |

TOTAL NET ASSETS

| | |
|----------------------------------|-------------------|
| Net increase in total net assets | \$ 147,412 |
| Beginning total net assets | 92,344 |
| Ending total net assets | <u>\$ 239,756</u> |

See notes to financial statements.

Greenlights for NonProfit Success

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

| | |
|--|-----------------|
| Cash flows from operating activities: | |
| Net increase in net assets | \$ 147,412 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 12,888 |
| Interest earnings | (759) |
| Increase in other assets | (12,690) |
| Increase in accounts receivable | (129,580) |
| Decrease in accounts payable | (6,983) |
| Decrease in accrued liabilities | (2,250) |
| | <hr/> |
| | 8,038 |
| Cash flow from investing activities: | |
| Purchase of certificate of deposit | (20,000) |
| Cash payments for the purchase of property | (2,019) |
| | <hr/> |
| | (22,019) |
| Net decrease in cash and equivalents | |
| | (13,981) |
| Cash and equivalents, beginning of year | 19,783 |
| | <hr/> |
| Cash and equivalents, end of year | <u>\$ 5,802</u> |

See notes to financial statements.

Greenlights for NonProfit Success

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Greenlights for NonProfit Success (the “Organization” or “Greenlights”), incorporated on February 16, 2001 under the Texas Non-Profit Corporation Act. Greenlights’ mission is to help nonprofits in Central Texas achieve their full potential, through providing effective consultation, training, information and resources. The Organization was founded by a broad cross-section of members of the existing nonprofit, philanthropic, government, education, and business communities. The founders identified the need for a comprehensive mechanism to ensure that nonprofits have local sources of management expertise necessary to address growing community needs in sustainable ways. The Organization generates revenue primarily from public and private contributions and program services.

Financial statement presentation

The Organization elected to adopt Statement of Financial Accounting Standards (FSAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Greenlights considers all highly liquid securities purchased with initial maturities of three months or less to be cash equivalents, including money market accounts.

Property and equipment

Property and Equipment are recorded at cost or at estimated fair value at the date of donation. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization follows the practice of capitalizing all expenditures of property and equipment in excess of \$500 with an estimated useful life of one year or longer. Depreciation is provided using the straight-line method over the estimated useful lives of the assets from 5 to 7 years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Grants and contributions received

The Organization records grants and contributions using the guidance of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. As time or purpose restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets.

Program revenues

Program revenues are recognized as revenues and accrued as a receivable as the services are provided and materially all obligations connected to the services have been provided. Program receivables are believed to be collectible in their totality, accordingly, no allowance for doubtful accounts has been accrued.

Membership dues

Membership dues are recognized as revenues when received. Membership dues received prior to membership periods to which they apply are not deferred.

Income tax

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501(c) (3).

Financial instruments

The Organization's financial instruments consist of cash & equivalents, receivables, payables, and borrowings at December 31, 2008 and are carried on the accompanying statement of financial position at amounts, which approximate their respective fair values.

NOTE 2 – NOTE PAYABLE

The Organization was given a Program-Related Investment (“PRI”) by the Austin Community Foundation in 2007 for a total of \$35,000. The PRI is a loan instrument that bears no interest unless the two required payments are not made: one for \$17,500 in May of 2009 and one for \$17,500 due in May of 2011. If the second payment is not made on time, the principal will accrue interest at 8%. The principal of \$35,000 was outstanding as of December 31, 2008. The first required payment due in May of 2009 has been made as of the date of report.

Greenlights for NonProfit Success

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 3 – LINE OF CREDIT

The Organization has a \$60,000 line of credit with a financial institution. The Line of Credit bears interest at the rate of 7.25% and requires monthly payments of interest. The Line of credit was not drawn as of December 31, 2008.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Organization's facilities were provided by KMS ventures during 2008. The President of KMS Ventures is also the President of RGK Foundation. His wife is a former Greenlights' board member and a current Advisory Board member. The facilities provided by KMS Ventures allow the Organization to conduct administrative and program activities. Payments aggregating \$48,000 were paid to KMS Ventures during the year ended December 31, 2008.

In addition, RGK Foundation made cash contributions to the Organization totaling \$100,000 during the year ended December 31, 2008.

NOTE 5 – DONATED SERVICES

Greenlights receives donated facilities and services in connection with the various programs and conferences Greenlights provides to the community. In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made* – donations of materials or services that either create or enhance nonfinancial assets or that require specialized skills that would otherwise need to be purchased are recognized as revenues at their respective fair values. Donated materials and services aggregating \$15,613 were recognized in the accompanying statement of activities for the year ended December 31, 2008.

NOTE 6 – EXPENSES BY NATURAL CATEGORY

The natural categorizations of the Organizations expenditures for the year ended December 31, 2008, are as follows:

| | | |
|--|----|------------------|
| Wages, other compensation, & benefits | \$ | 835,517 |
| Professional fees, including donates services aggregating \$15,613 | | 215,380 |
| Occupancy & telecommunications | | 98,041 |
| Supplies & office expenditures | | 35,504 |
| General & administrative | | 44,651 |
| Printing & reproduction | | 22,595 |
| Travel | | 21,989 |
| Grants & awards | | 20,500 |
| Depreciation | | <u>12,164</u> |
| Total | \$ | <u>1,306,341</u> |

Greenlights for NonProfit Success

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 7 – COMMITMENTS

Temporarily restricted net assets

Greenlights has elected to fiscally sponsor the tax-exempt operations of two other organizations. In this capacity, Greenlights has accepted funding on behalf of these other organizations that they themselves would not be eligible for due to the fact they are not currently accepted by the IRS as exempt organizations. Greenlights has received these funds with the responsibility of ensuring they are utilized in accordance with the various programs and donor stipulations for which they have been provided. Greenlights assumes the responsibility to administrate these funds, carry out the program purposes, and account for their receipt and use as a “fiscal sponsor”. In connection with these fiscally sponsored organizations, Greenlights maintains excessive cash belonging to these organizations in a trust cash account. The trust cash account has a balance of \$59,950 as of December 31, 2008 and is temporarily restricted to use as to the various programs of these respective organizations.

Greenlights maintains fiscally sponsored cash in certificates of deposit as of December 31, 2008. The certificates of deposit automatically renew and mature in seven months from the date of issuance. The certificates of deposit have a balance of \$30,839 as of December 31, 2008.

Greenlights has received funding commitments of \$70,000 in 2009 and \$55,000 in 2010 from the RGK Foundation as of December 31, 2008. These funds are recognized as current and non-current grants receivable, respectively, as of December 31, 2008. These assets are considered temporarily restricted as to use in accordance with the terms of the grant agreement executed between Greenlights and the RGK Foundation.

Greenlights received \$5,000 of support from a local company as of December 31, 2008 to be utilized for conference expenditures in 2009. These assets are recognized as temporarily restricted net assets as of December 31, 2008.

Operating leases

During 2008, the Organization leased office space from the related party, described previously, pursuant to an office lease agreement requiring monthly payments of \$4,000 and terminating December 31, 2008.

Greenlights for NonProfit Success

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE 7 – COMMITMENTS - CONTINUED

Operating leases - continued

Beginning January 2009, the Organization moved its offices entering into a new lease agreement. Under this agreement, future minimum payments at December 31, 2008 are:

| | | |
|------------|----|----------------|
| 2009 | \$ | 50,600 |
| 2010 | | 63,480 |
| 2011 | | 66,240 |
| 2012 | | - |
| 2013 | | - |
| Thereafter | | <u>-</u> |
| Total | \$ | <u>180,320</u> |

NOTE 8 – SUBSEQUENT EVENTS

In early 2009, the Organization ended its fiscal sponsorships with tax-exempt organizations.