

GREENLIGHTS FOR NONPROFIT SUCCESS
(A Nonprofit Corporation)

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

December 31, 2010

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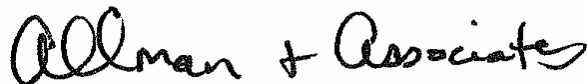
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greenlights for NonProfit Success
Austin, Texas

We have audited the accompanying statement of financial position of Greenlights for NonProfit Success (a nonprofit corporation) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Greenlights for NonProfit Success' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits 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 provide a reasonable basis for our opinion.

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of Greenlights for NonProfit Success as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.



Austin, Texas
March 11, 2011

GREENLIGHTS FOR NONPROFIT SUCCESS
(A Nonprofit Corporation)

STATEMENT OF FINANCIAL POSITION

As of December 31, 2010

Assets	
Current Assets:	
Cash and cash equivalents	\$ 121,930
Accounts receivable	13,723
Prepaid expenses	<u>5,709</u>
Total Current Assets	<u>141,362</u>
Property and Equipment, net of accumulated depreciation	<u>11,552</u>
Total Assets	<u><u>\$ 152,914</u></u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 1,308
Accrued leave for employees	9,934
Promissory note - current portion	<u>17,500</u>
Total Current Liabilities	<u>28,742</u>
Total Liabilities	<u>28,742</u>
Net Assets:	
Unrestricted Net Assets	(8,828)
Temporarily Restricted Net Assets	<u>133,000</u>
Total Net Assets	<u>124,172</u>
Total Liabilities and Net Assets	<u><u>\$ 152,914</u></u>

See accompanying auditors' report and notes to financial statements.

GREENLIGHTS FOR NONPROFIT SUCCESS
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Consulting revenue	\$ 367,787	\$ -	\$ 367,787
Grants and contributions	261,434	133,000	394,434
Program revenue	53,318	-	53,318
Membership dues	57,698	-	57,698
Conferences and events	142,117	-	142,117
Sub-total	<u>882,354</u>	<u>133,000</u>	<u>1,015,354</u>
 Released from restrictions	 <u>105,000</u>	 <u>(105,000)</u>	 <u>-</u>
 Total Revenues	 <u>987,354</u>	 <u>28,000</u>	 <u>1,015,354</u>
 Expenses			
Program Services			
Consulting	483,912	-	483,912
Education	334,145	-	334,145
Total Program Services	<u>818,057</u>	<u>-</u>	<u>818,057</u>
 Management and general	 75,382	 -	 75,382
Fundraising	<u>120,200</u>	<u>-</u>	<u>120,200</u>
 Total expenses	 <u>1,013,639</u>	 <u>-</u>	 <u>1,013,639</u>
 Change in Net assets	 (26,285)	 28,000	 1,715
 Net assets, beginning of the year	 <u>17,457</u>	 <u>105,000</u>	 <u>122,457</u>
 Net assets, end of year	 <u>\$ (8,828)</u>	 <u>\$ 133,000</u>	 <u>\$ 124,172</u>

See accompanying auditors' report and notes to financial statements.

GREENLIGHTS FOR NONPROFIT SUCCESS
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STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

Expense Category	Program Services		Management & General	Fundraising	Totals
	Consulting	Education			
Personnel costs	\$ 280,924	\$ 166,173	\$ 62,761	\$ 82,700	\$ 592,558
Contract services	133,958	96,922	-	9,807	240,687
Office expenses	6,796	20,502	1,266	4,596	33,160
Travel	1,950	963	44	2,714	5,671
Technology	3,923	3,923	413	615	8,874
Marketing	8,930	13,243	1,993	2,626	26,792
Professional	3,470	2,011	760	6,409	12,650
Insurance	2,719	1,608	607	800	5,734
Office facilities	28,917	17,946	6,460	8,513	61,836
Grants to organizations	-	8,000	-	-	8,000
Bad debts	7,500	-	-	-	7,500
Depreciation	4,825	2,854	1,078	1,420	10,177
Totals	\$ 483,912	\$ 334,145	\$ 75,382	\$ 120,200	\$ 1,013,639

See accompanying auditors' report and notes to financial statements.

GREENLIGHTS FOR NONPROFIT SUCCESS
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STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2010

Cash Flows From Operating Activities	
Increase (decrease) in net assets	\$ 1,715
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,177
Decrease (increase) in:	
Accounts receivable	(1,533)
Grants receivable	55,000
Prepaid expenses	(649)
Increase (decrease) in:	
Accounts payable and accrued expenses	(11,354)
Deferred revenue	<u>(750)</u>
Net Cash Provided by Operating Activities	<u>52,606</u>
Cash Flows From Investing Activities:	
Purchase of furniture and equipment	<u>(7,587)</u>
Net Cash Provided by Investing Activities	<u>(7,587)</u>
Net Increase in Cash	45,019
Cash, beginning of the year	<u>76,911</u>
Cash, end of the year	<u><u>\$ 121,930</u></u>
Supplemental Information:	
Interest paid this year	\$ 19

See accompanying auditors' report and notes to financial statements.

GREENLIGHTS FOR NONPROFIT SUCCESS
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. General Information

Greenlights for NonProfit Success (the “Corporation” 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. Greenlights 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. Greenlights programs primarily include the following:

Consulting Services - providing high-value management consulting services to nonprofit organizations, including fundraising assessments and plan development, board strengthening, strategic planning, interim Executive Director placement and many others.

Education Programs - professional development workshops and conferences, customized training, and countless hours of free advice and resources to more than 800 nonprofits and 2,500 individuals each year.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions received are recorded as unrestricted, temporarily restricted and permanently restricted support depending on the existence or nature of donor stipulations.

Program revenues are recognized as revenues and accrued as a receivable as the services are provided. Program receivables are determined to be collectible and accordingly, no allowance for doubtful accounts has been accrued. Membership dues are recognized as revenues when received.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations which expire when the stipulated purpose for which the resource was restricted has been fulfilled.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. The Corporation had no permanently restricted net assets as of December 31, 2010.

GREENLIGHTS FOR NONPROFIT SUCCESS
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NOTES TO FINANCIAL STATEMENTS

December 31, 2010

Cash and Equivalents

For the purpose of the statements of cash flows, the Corporation considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or at estimated fair value at the date of the donation. Greenlights capitalizes all asset purchases of \$500 or more with an estimated useful life of one year or longer. Depreciation is calculated using the straight-line method over estimated useful lives of the assets, generally from five to seven years.

Federal Income Taxes

The Corporation is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3).

Functional Accounting

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Credit Risk

Financial instruments which potentially subject the Corporation to credit risk consist of cash and cash equivalents and accounts receivable. The Corporation's deposits did not exceed the federal depository insurance limits as of December 31, 2010. The Corporation does not require collateral prior to issuing credit for receivables.

GREENLIGHTS FOR NONPROFIT SUCCESS
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NOTES TO FINANCIAL STATEMENTS

December 31, 2010

3. Fair Value Measurements and Disclosures

The requirements of *Fair Value Measurements and Disclosures* of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. *Fair Value Measurements and Disclosures* also establishes a fair value hierarchy that prioritizes the inputs used in valuation methodologies into the following three levels:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Inputs – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value of the Corporation's cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and note payable approximate the carrying amounts of such instruments due to their short maturity.

4. Note Payable

Greenlights obtained a Program-Related Investment (PRI) from the Austin Community Foundation in 2007 for a total of \$35,000 with no collateral. The PRI is a loan instrument that bears no interest unless the two required payments are not made: one for \$17,500 in May 2010 and one for \$17,500 due in May 2011. If the second payment is not made on time, the principal will accrue interest at 8%. Greenlights made the first payment in May 2010, and the remaining \$17,500 is outstanding as of December 31, 2010.

5. Line of Credit

Greenlights has a line of credit with a financial institution in the amount of \$60,000 collateralized by the assets of the organization. The line bears interest at the rate of 7.0% and requires monthly payments of interest. The line of credit balance was \$0 at December 31, 2010. Interest expense for the year ended December 31, 2010 was in the amount of \$19.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2010

6. Property and Equipment

Major classes of property and equipment at December 31, 2010 consisted of the following:

Furniture and computer equipment	\$ 18,013
Less accumulated depreciation	<u>(6,461)</u>
Property and equipment, net	<u><u>\$ 11,552</u></u>

Depreciation expense for the year ended December 31, 2010 was \$10,177.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2010 consisted of the following:

Consulting services for 2011	\$ 125,500
Education services for 2011	<u>7,500</u>
Total	<u><u>\$ 133,000</u></u>

8. Pension Plan

The Corporation established a defined-contribution 403(b) retirement plan covering all salaried individuals employed by the Corporation for at least one year. The Corporation did not contribute to the plan during the year ended December 31, 2010.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2010

9. Lease Commitments

In January 2009, the Corporation entered into a lease agreement for its administrative office through December 2011. Monthly payments for 2009 were \$5,060, and increase to \$5,290 per month in 2010 and \$5,570 per month in 2011.

In February 2009, the Corporation entered into an operating lease agreement for a copier machine through April 2012. Monthly payments start at \$305 per month plus excess copy charges and increase each year.

Total rental expense in 2010 for both the office space and copier was approximately \$67,368. The future minimum lease payments under these leases at December 31, 2010 are as follows:

Year	Amount
2011	\$ 70,512
2012	<u>1,568</u>
	<u><u>\$ 72,080</u></u>

10. Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. We have evaluated subsequent events through the date of our audit report, March 11, 2011, and there were no subsequent events to be disclosed.