

BRING RECYCLING
(A Nonprofit Corporation)
Independent Auditors' Report
and
Financial Statements
June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Contents

Independent Auditors' Report	1-2
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Financial Statements

Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-15

Mueller Yuva Osterman Rasmusson LLP

Certified Public Accountants

Independent Auditors' 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, 2018, 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.

Auditors' 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.

Opinion

In our opinion, the June 30, 2018 financial statements referred to above present fairly, in all material respects, the financial position of BRING Recycling as of June 30, 2018 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.

Prior Period Financial Statements

The financial statements of BRING Recycling at June 30, 2017, were audited by other auditors whose report dated September 27, 2017, expressed an unmodified opinion on those statements.

Report on Summarized Comparative Information

Other auditors have previously audited BRING Recycling's 2017 financial statements and they expressed an unmodified audit opinion on those audited financial statements in their report dated September 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it was derived.

Mueller Jones Okerman Remusson LLP

Eugene, Oregon
September 17, 2018

BRING RECYCLING
Statements of Financial Position
June 30, 2018
(With Comparative Totals for June 30, 2017)

	<u>Assets</u>	
	<u>2018</u>	<u>2017</u>
Current assets		
Cash and cash equivalents	\$ 355,778	\$ 295,071
Accounts receivable	50,488	53,022
Pledges receivable, current portion	850	1,100
Inventories	184,415	187,140
Other current assets	500	449
	<hr/>	<hr/>
Total current assets	592,031	536,782
	<hr/>	<hr/>
Long-term assets		
Property and equipment, net	2,441,007	2,520,169
Pledges receivable, net of current portion	-	850
Other long-term assets	11,627	1,861
	<hr/>	<hr/>
Total long-term assets	2,452,634	2,522,880
	<hr/>	<hr/>
Total assets	<u>\$ 3,044,665</u>	<u>\$ 3,059,662</u>

BRING RECYCLING
Statements of Financial Position
June 30, 2018
(With Comparative Totals for June 30, 2017)

	<u>Liabilities and Net Assets</u>	
	<u>2018</u>	<u>2017</u>
Current liabilities		
Accounts payable	\$ 19,780	\$ 17,873
Accrued payroll and related expenses	26,201	27,295
Accrued vacation	13,519	12,202
Deferred revenue	15,144	8,444
Notes payable, current portion	<u>16,645</u>	<u>15,975</u>
Total current liabilities	<u>91,289</u>	<u>81,789</u>
Notes payable, net of current portion	<u>531,916</u>	<u>548,404</u>
Total liabilities	<u>623,205</u>	<u>630,193</u>
Net assets		
Unrestricted-net investment in property and equipment	1,892,446	1,963,510
Unrestricted-board designated	89,648	93,431
Unrestricted-available for operations	<u>414,643</u>	<u>336,705</u>
Total unrestricted net assets	2,396,737	2,393,646
Temporarily restricted net assets	<u>24,723</u>	<u>35,823</u>
Total net assets	<u>2,421,460</u>	<u>2,429,469</u>
Total liabilities and net assets	<u>\$ 3,044,665</u>	<u>\$ 3,059,662</u>

BRING RECYCLING
Statements of Activities
Year Ended June 30, 2018
(With Comparative Totals for June 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Revenues and support				
Non-cash donations	\$ 644,976	\$ -	\$ 644,976	\$ 613,123
Non-donated items sold, net	87,774	-	87,774	75,106
Contracts, grants, and donations	108,018	293,324	401,342	312,662
Sponsorships	32,287	-	32,287	33,650
Event income	7,264	-	7,264	7,811
Miscellaneous income	18,806	-	18,806	125
Interest Income	426	-	426	294
Net assets released from restriction	304,424	(304,424)	-	-
Total revenue and support	<u>1,203,975</u>	<u>(11,100)</u>	<u>1,192,875</u>	<u>1,042,771</u>
Expenses				
Program services:				
Recycling	752,350	-	752,350	713,060
Public education	294,306	-	294,306	264,448
Total program services	<u>1,046,656</u>	<u>-</u>	<u>1,046,656</u>	<u>977,508</u>
Supporting services:				
Management and general	130,820	-	130,820	113,300
Fundraising	23,408	-	23,408	45,515
Total supporting services	154,228	-	154,228	158,815
Total expenses	<u>1,200,884</u>	<u>-</u>	<u>1,200,884</u>	<u>1,136,323</u>
Change in net assets	<u>3,091</u>	<u>(11,100)</u>	<u>(8,009)</u>	<u>(93,552)</u>
Net assets, beginning of year	<u>2,393,646</u>	<u>35,823</u>	<u>2,429,469</u>	<u>2,523,021</u>
Net assets, end of year	<u>\$ 2,396,737</u>	<u>\$ 24,723</u>	<u>\$ 2,421,460</u>	<u>\$ 2,429,469</u>

BRING RECYCLING
Statements of Functional Expenses
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Program Services		
	<u>Recycling</u>	<u>Public Education</u>	<u>Total Program Services</u>
Personnel			
Salaries	\$ 280,427	\$ 177,394	\$ 457,821
Payroll taxes and workers compensation	38,308	15,570	53,878
Employee benefits	42,863	5,623	48,486
Temporary labor	156,291	16,116	172,407
Total personnel	<u>517,889</u>	<u>214,703</u>	<u>732,592</u>
Operating expenses			
Advertising	1,178	11,894	13,072
Dues and subscriptions	231	1,694	1,925
Event expenses	100	746	846
Gas and fuel	6,119	600	6,719
Transport	927	110	1,037
Insurance	16,312	3,216	19,528
Interest and bank fees	32,573	3,450	36,023
Licenses, fees, dues, and taxes	1,016	113	1,129
Maintenance and repair	5,453	578	6,031
Meetings and conferences	1,800	4,095	5,895
Miscellaneous	187	-	187
Newsletter	2,789	6,036	8,825
Other services	20,993	14,756	35,749
Postage and mail	249	536	785
Professional services	10,622	12,028	22,650
Rent expense	370	-	370
Supplies	24,042	5,222	29,264
Utilities and telephone	22,999	5,306	28,305
Total operating expenses	<u>147,960</u>	<u>70,380</u>	<u>218,340</u>
Total functional expenses before depreciation and amortization	<u>665,849</u>	<u>285,083</u>	<u>950,932</u>
Depreciation and amortization	<u>86,501</u>	<u>9,223</u>	<u>95,724</u>
Total functional expenses	<u>\$ 752,350</u>	<u>\$ 294,306</u>	<u>\$ 1,046,656</u>

The accompanying notes are an integral part of these financial statements.

BRING RECYCLING
Statements of Functional Expenses
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	<u>Supporting Services</u>		2018 Total	2017 Total
	Management and General	Fundraising		
Personnel				
Salaries	\$ 24,478	\$ 14,826	\$ 497,125	\$ 556,500
Payroll taxes and workers compensation	6,953	1,128	61,959	65,727
Employee benefits	21,526	-	70,012	69,077
Temporary labor	26	-	172,433	92,620
Total personnel	<u>52,983</u>	<u>15,954</u>	<u>801,529</u>	<u>783,924</u>
Operating expenses				
Advertising	157	-	13,229	15,424
Dues and subscriptions	2,561	450	4,936	4,558
Event expenses	388	565	1,799	2,255
Gas and fuel	22	-	6,741	8,294
Transport	-	-	1,037	1,203
Insurance	6,431	-	25,959	24,729
Interest and bank fees	8,127	-	44,150	43,332
Licenses, fees, dues, and taxes	506	-	1,635	8,054
Maintenance and repair	-	-	6,031	6,994
Meetings and conferences	213	-	6,108	2,866
Miscellaneous	-	-	187	3,941
Newsletter	2,495	1,497	12,817	12,512
Other services	31,996	1,611	69,356	32,547
Postage and mail	244	289	1,318	2,043
Professional services	6,655	250	29,555	25,527
Rent expense	-	-	370	320
Supplies	3,172	2,792	35,228	32,410
Utilities and telephone	3,260	-	31,565	22,251
Total operating expenses	<u>66,227</u>	<u>7,454</u>	<u>292,021</u>	<u>249,260</u>
Total functional expenses before depreciation and amortization	119,210	23,408	1,093,550	1,033,184
Depreciation and amortization	<u>11,610</u>	<u>-</u>	<u>107,334</u>	<u>103,139</u>
Total functional expenses	<u>\$ 130,820</u>	<u>\$ 23,408</u>	<u>\$ 1,200,884</u>	<u>\$ 1,136,323</u>

The accompanying notes are an integral part of these financial statements.

BRING RECYCLING
Statements of Cash Flows
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ (8,009)	\$ (93,552)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation and amortization	107,334	103,139
Gain on disposal of property and equipment	(212)	-
(Increase) decrease in assets:		
Accounts receivable	2,534	(22,772)
Pledges receivable	1,100	1,183
Inventories	2,725	1,242
Other current assets	(51)	50
Increase (decrease) in liabilities:		
Accounts payable	1,907	(4,934)
Accrued payroll and related expenses	(1,094)	4,689
Accrued vacation	1,317	(2,040)
Deferred revenue	6,700	(2,488)
Net cash provided by (used by) operating activities	<u>114,251</u>	<u>(15,483)</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	500	-
Purchases of property and equipment	(28,226)	(7,701)
Deposit for Garden Art Project	(10,000)	-
Net cash used by investing activities	<u>(37,726)</u>	<u>(7,701)</u>
Cash flows from financing activities		
Principal payments on note payable	(15,818)	(15,461)
Net increase (decrease) in cash and cash equivalents	60,707	(38,645)
Cash and cash equivalents, beginning of year	<u>295,071</u>	<u>333,716</u>
Cash and cash equivalents, end of year	<u>\$ 355,778</u>	<u>\$ 295,071</u>
Supplemental cash flow information		
Cash paid for interest	\$ 27,127	\$ 27,484
The accompanying notes are an integral part of these financial statements.		8

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Nature of operations – BRING Recycling (BRING) is a non-profit organization that 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 – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of BRING and changes therein are classified into the following categories:

Unrestricted net assets – Consists of net assets that are not subject to donor-imposed stipulations and revenues and support that are restricted but whose restrictions are met during the fiscal year.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met, either by actions of BRING and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by BRING. Generally, the donors of these assets permit BRING to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted assets at June 30, 2018 and 2017.

Cash and cash equivalents – Cash and cash equivalents include petty cash, checking accounts, and money market accounts. For financial statement purposes, BRING considers all highly liquid investments purchased with an original maturity of three months or less to be cash. BRING may maintain cash in accounts which exceeds amounts insured by governmental agencies and has not experienced any losses in such accounts. There were no such amounts at June 30, 2018 and 2017.

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (Continued)

Receivables – Receivables are stated at the amount BRING expects to collect from outstanding balances at year-end. Credit risk associated with receivables is periodically reviewed by management on an account-by-account basis. An allowance account is established if considered necessary based on past history of collections and financial viability of the customer. No such allowance was considered necessary at June 30, 2018 and 2017.

Pledges are recorded at their net realizable value 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 were \$850 and \$1,950 at June 30, 2018 and 2017, respectively. No allowance has been provided for pledge receivable as they are considered to be collectible as of June 30, 2018 and 2017.

Inventories – Inventory consists of donated items including 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. Donated inventories are stated at fair market value as noted in the accounting policy for revenue recognition. Purchased inventories are stated at the lower of cost or net realizable value which were \$18,476 and 28,591 at June 30, 2018 and 2017, respectively.

Property and equipment – Purchased property and equipment is stated at cost. Contributed property is stated at its fair market value at the date of the gift. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major betterments and new equipment are capitalized. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and resulting gains or losses are reflected in revenues and expenses. Depreciation is computed using the straight-line method over the estimated useful life of the property and equipment. The estimated useful lives for buildings are 40 years and vehicles, office and other equipment is 5-15 years. BRING capitalizes items in excess of \$500. All other items are expensed in the year of acquisition.

Revenue recognition – Contributions, pledges, and grants received are recorded as support that is unrestricted, temporarily restricted, or permanently restricted. Classification is based on the existence and nature of any donor restrictions imposed on the contribution or grant. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires during the year in which the support is recognized. Deferred revenue consists of amounts received in advance under contracts or grant and is recognized when the services are performed.

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (Continued)

BRING receives donations of reusable items, which include building, industrial, and fabrication materials, at the BRING retail location. Revenue is recorded when the items are donated at their fair market value on the date of gift. The fair market value is estimated based on the value of the eventual sales price by item. To benefit the environment by keeping materials out of landfills, BRING purchases and stocks recycled and various other environmentally friendly 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.

Contributed services – Contributed services are reflected in the financial statement at the fair value of the services received. The contributions are recognized if the services received create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The amounts are also recorded as operating expenditures unless they relate to buildings or improvements, in which case they are capitalized. During the years ended June 30, 2018 and 2017, BRING received in-kind service contributions with a fair value of \$3,379 and \$1,875, respectively.

Volunteers are used extensively in a supporting role in the Planet Improvement Center, with special events and fundraising and in site construction. Many program services would not be performed without the services of these volunteers. Contributions of these volunteer services are not included in the financial statements in accordance with the criteria for recognition under accounting standards for not-for-profit organizations.

Advertising – BRING expenses advertising costs as incurred. Total advertising expense was \$13,229 and \$15,424 for the years ended June 30, 2018 and 2017, respectively.

Other long-term assets – Other long-term assets consist primarily of deposits.

Functional expense allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that they benefit.

Use of estimates – The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (Continued)

Income taxes – BRING is an Oregon not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Therefore, only income derived from unrelated business activities is subject to federal income tax. BRING reported no taxable unrelated business income for the years ended June 30, 2018 and 2017 and management believes BRING meets the requirements to maintain its tax-exempt status.

Note 2 – 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 in the United State of America. Accordingly, such information should be read in conjunction with BRING’s financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Note 3 – Property and Equipment

Property and equipment consisted of the following at June 30:

	2018	2017
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	47,658	46,084
Equipment, stationary and mobile	84,812	84,812
Vehicles	72,110	46,408
	3,423,463	3,396,187
Accumulated depreciation and amortization	(982,456)	(876,018)
Property and equipment, net	\$ 2,441,007	\$ 2,520,169

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Note 4 – Notes Payable

Notes payable consisted of the following at June 30:

	2018	2017
Note payable to city of Springfield, due in annual installments of \$2,500 with payments starting July 2016 bearing no interest, matures July 2020, unsecured.	\$ 5,146	\$ 7,720
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, 2018), matures July 2025, secured by Franklin Boulevard property.	543,415	556,659
	548,561	564,379
Current portion	(16,645)	(15,975)
Note payable, net of current portion	\$ 531,916	\$ 548,404

Future minimum payments are as follows:

For the Year Ending June 30, 2018

2019	\$ 16,645
2020	17,306
2021	15,845
2022	16,360
2023	17,173
Thereafter	465,232
Total	\$ 548,561

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Note 5 – Employee Benefit Plan

BRING sponsors a 403(b) retirement plan established 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, 2018 and 2017 of \$7,056 and \$7,451, respectively.

Note 6 – Accounting for Uncertain Tax Positions

BRING recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained upon examination by the taxing authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. BRING's income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations. BRING would recognize interest and penalties related to income tax matters in operating expenses. Management has concluded that there were no uncertain tax positions as of June 30, 2018 and 2017. BRING is no longer subject to income tax examinations by tax authorities for years ended prior to June 30, 2015.

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 consist of:

	<u>2018</u>	<u>2017</u>
Garden Art Project Fund	\$ 23,873	\$ 33,873
Pledges receivable - operations	<u>850</u>	<u>1,950</u>
Total temporarily restricted net assets	<u><u>\$ 24,723</u></u>	<u><u>\$ 35,823</u></u>

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

Note 8 – Revenues from the Sale of Donated and Purchased Inventory

During the years ended June 30, BRING received donations of reusable items and also purchased inventory, which were sold as follows:

	<u>2018</u>	<u>2017</u>
Sale of reusable donated items	\$ 637,586	\$ 614,365
Change in inventory	<u>7,390</u>	<u>(1,242)</u>
Non-cash donations of reusable items	<u>\$ 644,976</u>	<u>\$ 613,123</u>
Sale of purchased items	\$ 174,988	\$ 172,492
Cost of sales of purchased items	<u>(87,214)</u>	<u>(97,386)</u>
Non-donated items sold, net	<u>\$ 87,774</u>	<u>\$ 75,106</u>

Note 9 – Commitments and Contingencies

Amounts received or receivable from contracts are subject to audit and adjustment by grantor agencies. Any disallowed costs could become a liability of BRING. Management believes that all costs charged to the contracts are allowable.

Note 10 – Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 17, 2018, which represents the date the financial statements were available to be issued.