

BRING RECYCLING
(A Nonprofit Corporation)
Independent Auditors' Report
and
Financial Statements
June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

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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, 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of BRING Recycling as of June 30, 2020 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 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated September 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mueller Gunn Stearns Remusson LLP

Eugene, Oregon
January 18, 2021

BRING RECYCLING
Statements of Financial Position
June 30, 2020
(With Comparative Totals for June 30, 2019)

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 451,695	\$ 369,052
Accounts receivable	53,767	61,439
Inventories	163,402	204,838
Other current assets	22,348	25,691
	<hr/>	<hr/>
Total current assets	691,212	661,020
	<hr/>	<hr/>
Long-term assets		
Property and equipment, net	2,282,735	2,372,539
Cash restricted for Garden Art Project	8,873	23,873
Other long-term assets	1,162	1,395
	<hr/>	<hr/>
Total long-term assets	2,292,770	2,397,807
	<hr/>	<hr/>
Total assets	<u>\$ 2,983,982</u>	<u>\$ 3,058,827</u>

BRING RECYCLING
Statements of Financial Position
June 30, 2020
(With Comparative Totals for June 30, 2019)

	<u>Liabilities and Net Assets</u>	
	<u>2020</u>	<u>2019</u>
Current liabilities		
Accounts payable	\$ 4,991	\$ 34,534
Accrued payroll and related expenses	50,800	62,113
Accrued vacation	20,373	10,275
Deferred revenue	-	16,475
Refundable advance - Paycheck Protection Program	7,532	-
Notes payable, current portion	15,600	14,800
	<hr/>	<hr/>
Total current liabilities	99,296	138,197
	<hr/>	<hr/>
Notes payable, net of current portion	498,674	514,048
	<hr/>	<hr/>
Total liabilities	597,970	652,245
	<hr/>	<hr/>
Net assets		
Without donor restrictions:		
Unrestricted-net investment in property and equipment	1,768,461	1,843,691
Unrestricted-board designated	75,561	75,263
Unrestricted-available for operations	533,117	463,755
	<hr/>	<hr/>
Total net assets without donor restrictions	2,377,139	2,382,709
	<hr/>	<hr/>
With donor restrictions	8,873	23,873
	<hr/>	<hr/>
Total net assets	2,386,012	2,406,582
	<hr/>	<hr/>
Total liabilities and net assets	\$ 2,983,982	\$ 3,058,827
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BRING RECYCLING
Statements of Activities
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Revenues and support				
Non-cash donations	\$ 557,398	\$ -	\$ 557,398	\$ 766,873
Non-donated items sold, net	84,351	-	84,351	74,080
Contracts, grants, and donations	88,408	308,195	396,603	402,384
Grant - Paycheck Protection Program	149,668	-	149,668	-
Sponsorships	29,062	-	29,062	22,962
Event income	6,117	-	6,117	17,324
Miscellaneous income	110	-	110	3,494
Interest income	732	-	732	1,277
Net assets released from restrictions	323,195	(323,195)	-	-
Total revenue and support	<u>1,239,041</u>	<u>(15,000)</u>	<u>1,224,041</u>	<u>1,288,394</u>
Expenses				
Program services:				
Recycling	770,091	-	770,091	824,342
Public education	333,986	-	333,986	340,352
Total program services	<u>1,104,077</u>	<u>-</u>	<u>1,104,077</u>	<u>1,164,694</u>
Supporting services:				
Management and general	115,122	-	115,122	115,271
Fundraising	25,412	-	25,412	23,307
Total supporting services	<u>140,534</u>	<u>-</u>	<u>140,534</u>	<u>138,578</u>
Total expenses	<u>1,244,611</u>	<u>-</u>	<u>1,244,611</u>	<u>1,303,272</u>
Change in net assets	(5,570)	(15,000)	(20,570)	(14,878)
Net assets, beginning of year	<u>2,382,709</u>	<u>23,873</u>	<u>2,406,582</u>	<u>2,421,460</u>
Net assets, end of year	<u>\$ 2,377,139</u>	<u>\$ 8,873</u>	<u>\$ 2,386,012</u>	<u>\$ 2,406,582</u>

BRING RECYCLING
Statements of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Program Services		
	Recycling	Public Education	Total Program Services
Personnel			
Salaries	\$ 328,495	\$ 227,995	\$ 556,490
Payroll taxes	26,445	19,871	46,316
Employee benefits	60,527	11,844	72,371
Temporary labor	120,998	2,961	123,959
Total personnel	536,465	262,671	799,136
Operating expenses			
Advertising	657	11,148	11,805
Dues and subscriptions	468	120	588
Event expenses	-	5,838	5,838
Gas and fuel	4,682	244	4,926
Transport	205	-	205
Insurance	15,627	5,176	20,803
Interest and bank fees	30,929	4,878	35,807
Licenses, fees, dues, and taxes	1,021	849	1,870
Loss on disposal of property	-	-	-
Maintenance and repair - facilities	2,637	-	2,637
Maintenance and repair - vehicles	6,789	-	6,789
Meetings and conferences	-	124	124
Miscellaneous	235	-	235
Newsletter	1,497	7,035	8,532
Other services	18,644	8,875	27,519
Postage and mail	6	216	222
Professional services	10,063	5,603	15,666
Rent expense	1,438	-	1,438
Supplies	28,810	5,137	33,947
Utilities and telephone	22,167	7,403	29,570
Total operating expenses	145,875	62,646	208,521
Total functional expenses before depreciation and amortization	682,340	325,317	1,007,657
Depreciation and amortization	87,751	8,669	96,420
Total functional expenses	\$ 770,091	\$ 333,986	\$ 1,104,077

BRING RECYCLING
Statements of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>Supporting Services</u>		2020	2019
	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Personnel				
Salaries	\$ 30,462	\$ 15,079	\$ 602,031	\$ 544,708
Payroll taxes	1,736	1,069	49,121	61,837
Employee benefits	23,805	-	96,176	90,841
Temporary labor	429	-	124,388	189,067
	<u>56,432</u>	<u>16,148</u>	<u>871,716</u>	<u>886,453</u>
Operating expenses				
Advertising	-	-	11,805	14,406
Dues and subscriptions	4,262	450	5,300	4,909
Event expenses	1,717	79	7,634	7,410
Gas and fuel	-	-	4,926	7,596
Transport	-	-	205	597
Insurance	6,901	-	27,704	26,764
Interest and bank fees	7,307	-	43,114	44,404
Licenses, fees, dues, and taxes	1,067	-	2,937	3,232
Loss on disposal of property	-	-	-	17,748
Maintenance and repair - facilities	-	-	2,637	5,854
Maintenance and repair - vehicles	-	-	6,789	9,332
Meetings and conferences	854	-	978	3,212
Miscellaneous	425	-	660	588
Newsletter	2,316	1,497	12,345	12,289
Other services	3,731	2,994	34,244	44,717
Postage and mail	801	442	1,465	1,545
Professional services	12,678	-	28,344	24,959
Rent expense	-	-	1,438	2,588
Supplies	4,940	3,802	42,689	41,125
Utilities and telephone	3,074	-	32,644	34,136
	<u>50,073</u>	<u>9,264</u>	<u>267,858</u>	<u>307,411</u>
Total operating expenses				
Total functional expenses before depreciation and amortization	106,505	25,412	1,139,574	1,193,864
Depreciation and amortization	<u>8,617</u>	<u>-</u>	<u>105,037</u>	<u>109,408</u>
Total functional expenses	<u>\$ 115,122</u>	<u>\$ 25,412</u>	<u>\$ 1,244,611</u>	<u>\$ 1,303,272</u>

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

BRING RECYCLING
Statements of Cash Flows
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (20,570)	\$ (14,878)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	105,037	109,408
(Gain) loss on disposal of property and equipment	(500)	17,748
(Increase) decrease in assets:		
Accounts receivable	7,672	(10,951)
Pledges receivable	-	850
Inventories	41,436	(20,423)
Other current assets	3,343	(25,191)
Increase (decrease) in liabilities:		
Accounts payable	(29,543)	14,754
Accrued payroll and related expenses	(11,313)	35,912
Accrued vacation	10,098	(3,244)
Refundable advance - Paycheck Protection Program	7,532	-
Deferred revenue	(16,475)	1,331
Net cash provided by operating activities	96,717	105,316
Cash flows from investing activities		
Proceeds from sale of property and equipment	500	-
Purchases of property and equipment	(15,000)	(48,456)
Net cash from investing activities	(14,500)	(48,456)
Cash flows from financing activities		
Principal payments on note payable	(14,574)	(19,713)
Net increase in cash, cash equivalents and restricted cash	67,643	37,147
Cash, cash equivalents and restricted cash, beginning	392,925	355,778
Cash, cash equivalents and restricted cash, ending	\$ 460,568	\$ 392,925
Supplemental cash flow information		
Cash and cash equivalents	\$ 451,695	\$ 369,052
Cash restricted for Garden Art Project	8,873	23,873
Cash, cash equivalents and restricted cash, ending	\$ 460,568	\$ 392,925
Cash paid for interest	\$ 25,797	\$ 25,805

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

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

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 and changes therein are classified into the following categories:

Net assets without donor restrictions – Consists of net assets for use in general operations and not subject to donor-imposed restrictions. The board has designated, from net assets without donor restrictions, net assets for operating and other reserves.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions are temporary in nature, and will be met by the passage of time or other events specified by the by the donor.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets, either through the donor-stipulated purpose being fulfilled or the stipulated time period elapsing or both, are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

(Continued)

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

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

Cash, cash equivalents and restricted cash – Cash, cash equivalents and restricted cash 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 was \$79,800 over the FDIC limit as of June 30, 2020; there were no such amounts at June 30, 2019.

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, 2020 and 2019.

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. There were no pledges receivable at June 30, 2020 and 2019; and consequently no allowance has been provided for pledge receivable as of June 30, 2020 and 2019.

Inventories – Inventory consists of donated items including doors, windows, and various other building materials. Donated inventories are stated at estimated fair market value as noted in the accounting policy for revenue recognition. The stated inventory amount for donated inventory is based on an estimated net realizable value by applying the value to a physical count taken at year-end. Purchased inventories are stated at the lower of cost or net realizable value which were \$18,386 and \$24,104 at June 30, 2020 and 2019, 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. Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. 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 \$2,000. All other items are expensed in the year of acquisition.

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

(Continued)

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

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

Revenue recognition – revenue from exchange transactions – The Organization recognizes revenue from exchange transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization operates retail operations at the Planet Improvement Center. The performance obligation is the delivery of goods to the customer. The transaction price is established by the Organization given listed sales prices determined by the value of the inventory item being sold. As each item is individually priced, no allocation of the transaction price is necessary. The Organization recognizes revenue as the customer pays and takes possession of the merchandise. If there is a right of return, the liability is estimated for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of June 30, 2020 and 2019.

The Organization conducts program-related services and events where the performance obligation is delivery of the program. Fees for service revenue are recognized when the service is performed based on amounts established by the Organization. Proceeds from fundraising events are recognized as revenue during the period that the fundraising events occur. Fees collected by BRING prior to the delivery of services or the event are classified as deferred revenue.

Revenue recognition – contributions and support – 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 as exchange transactions with customers.

Contributions, pledges, and grants received are recorded as support that is without donor restrictions or with donor restrictions. Classification is based on the existence and nature of any donor restrictions imposed on the contribution or grant. Deferred revenue consists of amounts received in advance under contracts or grant and is recognized when the services are performed.

Conditional contributions arise when a donor-imposed condition exists, based on a determination from the agreement, that a recipient is entitled to the contribution only if it has overcome a barrier, with a right of return to the provider should the barrier not be met. Assets received through a conditional contribution are accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the donor; consequently, revenue is recognized on the dates the conditions have been met.

(Continued)

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

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

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, 2020 and 2019, BRING did not receive in-kind service contributions.

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.

Functional expense allocation – The costs of providing various programs and other supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Directly identifiable expenses are charged to the specific programs and supporting services to which they relate. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. The expenses that are allocated include: payroll expenses, taxes and benefits, which are allocated on the basis of time and effort, as well as, depreciation, interest, office and other occupancy.

Advertising – BRING expenses advertising costs as incurred. Total advertising expense was \$11,805 and \$14,406 for the years ended June 30, 2020 and 2019, respectively.

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, 2020 and 2019 and management believes BRING meets the requirements to maintain its tax-exempt status.

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.

Reclassifications – Certain reclassifications have been made to the prior year's comparative information to conform to the presentation of the current financial statements. The reclassifications had no effect on the change in net assets for the prior year.

(Continued)

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

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

Accounting Pronouncements Adopted – As of July 1, 2019, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending June 30, 2020 and 2019 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

During the year, the Organization adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. Results for reporting the year ending June 30, 2020 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

The Organization adopted the provisions of FASB ASU 2016-18, *Statement of Cash Flows* (Topic 230) during the year. This requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. Therefore, amounts described as restricted cash and cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization has applied the provisions retrospectively to all periods presented with no effect on net assets.

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, 2019, from which the summarized information was derived.

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

Note 3 – Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 1,386,077	\$ 1,386,077
Buildings	1,792,600	1,792,600
Artwork	67,581	52,581
Office equipment and furniture	29,033	29,033
Equipment, stationary and mobile	86,854	89,370
Vehicles	72,110	72,110
	<u>3,434,255</u>	<u>3,421,771</u>
Accumulated depreciation and amortization	<u>(1,151,520)</u>	<u>(1,049,232)</u>
Property and equipment, net	<u>\$ 2,282,735</u>	<u>\$ 2,372,539</u>

Artwork includes \$33,788 of expenditures for the Garden Art Project which was completed and installed subsequent to June 30, 2020. The completed project is expected to use the remaining donor designated funds.

Note 4 – Notes Payable

Notes payable consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Note payable to Summit Bank, due in monthly installments of \$3,364, bearing interest at the index rate plus 3.00%, subject to change every five years with the next rate change in August 2020 (effective rate of 4.86% at June 30, 2020), matures July 2025, secured by Franklin Boulevard property.	\$ 514,274	\$ 528,848
Less current portion	<u>15,600</u>	<u>14,800</u>
Note payable, net of current portion	<u>\$ 498,674</u>	<u>\$ 514,048</u>

(Continued)

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

Note 4 – Notes Payable (Continued)

Future minimum payments for the year ended June 30, 2020 are as follows:

2021	\$ 15,600
2022	16,360
2023	17,173
2024	17,996
2025	18,923
Thereafter	428,222

Note 5 – Refundable Deposit – Paycheck Protection Program Loan

In April 2020, the Organization received a \$157,200 loan under the U.S. Small Business Administration Paycheck Protection Program (PPP) which was created as part of the relief efforts related to COVID-19. The terms of the loan state that it will be repaid with 18 monthly payments of \$8,847 starting November 2020 with interest at 1%. The Organization may qualify for forgiveness of all or a portion of the principal and interest due under the note based on conditions established by the SBA. The loan is unsecured with a maturity date of April 2022.

The Organization expects to qualify for full loan forgiveness by meeting the PPP eligibility criteria. Therefore, the PPP loan represents, in substance, a grant that is expected to be forgiven. The Organization is accounting for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. The PPP loan is reflected on the statement of financial position as a refundable advance and contributions are recognized when the conditions are substantially met. Given that the conditions with respect to the PPP loan are met over time, through incurring eligible expenses, the contributions are being recognized as qualifying expenses are incurred. For the year ended June 30, 2020, the Organization incurred \$149,668 in qualifying expenses and has recognized this as grant revenue. There is a remaining refundable advance of \$7,532 as of June 30, 2020, which will be recognized as grant revenue subsequent to year-end as additional eligible expenses are incurred.

Note 6 – Net Assets With Donor Restrictions

Net assets with donor restrictions consists of \$8,873 and \$23,873 for the Garden Art Project Fund as of June 30, 2020 and 2019, respectively.

BRING RECYCLING
Notes to Financial Statements
Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

Note 7 – Liquidity and Reserves

BRING has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. BRING’s objective is to maintain liquid financial assets without donor restrictions sufficient to cover sixty days of program expenditures. The board designated net assets could be drawn upon to meet obligations if the board approves that action.

The following reflects the financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year of the statements of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 451,695	\$ 369,052
Cash restricted for Garden Art Project	8,873	23,873
Accounts receivable	<u>53,767</u>	<u>61,439</u>
 Total financial assets	 514,335	 454,364
 Contractual or donor-imposed restrictions:		
Net assets with donor restrictions	(8,873)	(23,873)
 Board designated net assets	 <u>(75,561)</u>	 <u>(75,263)</u>
 Financial assets available to meet cash needs for expenditures within one year	 <u>\$ 429,901</u>	 <u>\$ 355,228</u>

BRING RECYCLING
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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:

	2020	2019
Sale of reusable donated items	\$ 598,834	\$ 746,450
Change in inventory	(41,436)	20,423
Non-cash donations of reusable items	\$ 557,398	\$ 766,873
Sale of purchased items	\$ 156,640	\$ 169,074
Cost of sales of purchased items	(72,289)	(94,994)
Non-donated items sold, net	\$ 84,351	\$ 74,080

Note 9 – 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, 2020 and 2019 of \$7,514 and \$7,173, respectively.

Note 10 – 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, 2020 and 2019. BRING is no longer subject to income tax examinations by tax authorities for years ended prior to June 30, 2017.

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Notes to Financial Statements
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Note 11 – 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.

The Organization has elected to self-insure certain costs related to unemployment. Unemployment self-insurance is administered through Unemployment Services Trust (UST). Self-insured costs are expensed as incurred. The Organization maintained a balance of \$22,348 and \$23,512 as a prepaid expense for the years ended June 30, 2020 and 2019, respectively. There were no unemployment claims for June 30, 2020 and 2019.

In March 2020, the World Health Organization declared the outbreak of novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, the Organization had temporary retail store closures, changes in level of staffing, reductions and changes in consumer traffic, reconfiguration of work areas in retail spaces and offices to accommodate social distancing, all resulting in a negative impact to operations. The Organization will continue to monitor the situation closely and it is possible that it will implement further measures. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, this is expected to negatively impact results of operations and financial position, however the related financial effect cannot be reasonably estimated at this time. The Organization did receive a PPP loan to mitigate the financial impact (Note 5).

Note 12 – 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 January 18, 2021, which represents the date the financial statements were available to be issued.