# GREEN AMERICA
# FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
# MARCH 31, 2023

GREEN AMERICA
FINANCIAL STATEMENTS
MARCH 31, 2023

CONTENTS

Ad3ptus

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Green America
Washington, DC

### *Opinion*

We have audited the accompanying financial statements of Green America (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Green America as of March 31, 2023, 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.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Green America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Green America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*Offices:*
Maryland
New York City
Long Island
New Jersey

Ad3ptus

**INDEPENDENT AUDITOR'S REPORT (continued)**

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Green America internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Green America's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Adeptus Partners, LLC

ADEPTUS PARTNERS, LLC
Certified Public Accountants

Olney, Maryland
December 06, 2023

GREEN AMERICA
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

## ASSETS

| | | |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ | 5,092,655 |
| Investment securities - short term (Note 13) | | 8,325 |
| Accounts, grants and other receivables, net of allowance for doubtful accounts of $5,420 | | 148,399 |
| Pledges receivable - short term, net (Note 3) | | 460,517 |
| Prepaid expenses | | 172,895 |
| Total current assets | | 5,882,791 |
| PROPERTY AND EQUIPMENT | | |
| Computer hardware and equipment | | 92,062 |
| Software | | 88,803 |
| Website | | 138,069 |
| Less: accumulated depreciation and amortization | | (280,094) |
| Net property and equipment | | 38,840 |
| OTHER ASSETS | | |
| Endowment fund (Note 14) | | 9,480,126 |
| Pledges receivable - long term, net (Note 3) | | 753,024 |
| Deposits | | 9,436 |
| Operating lease right-of-use asset, net of accumulated amortization | | 388,956 |
| Total other assets | | 10,631,542 |
| TOTAL ASSETS | $ | 16,553,173 |

See accompanying notes to financial statements.

GREEN AMERICA
STATEMENT OF FINANCIAL POSITION (CONTINUED)
MARCH 31, 2023

LIABILITIES AND NET ASSETS

| | | |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | $ | 484,378 |
| Deferred revenue | | 44,000 |
| Notes payable - current portion (Note 5) | | 325,952 |
| Operating lease liabilities - current portion | | 105,067 |
| Total current liabilities | | 959,397 |
| LONG-TERM LIABILITIES | | |
| Gift annuity liability (Note 7) | | 5,310 |
| Operating lease liabilities - noncurrent portion | | 290,862 |
| Total long-term liabilities | | 296,172 |
| TOTAL LIABILITIES | | 1,255,569 |
| NET ASSETS | | |
| Without donor restrictions | | 4,217,425 |
| With donor restrictions (Note 12) | | 11,080,179 |
| TOTAL NET ASSETS | | 15,297,604 |
| TOTAL LIABILITIES AND NET ASSETS | $ | 16,553,173 |

See accompanying notes to financial statements.

GREEN AMERICA
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| REVENUE AND SUPPORT | | | |
| Individual member dues and contributions | $ 1,448,082 | $ 1,264,001 | $ 2,712,083 |
| Grants | 263,500 | 638,000 | 901,500 |
| Business member dues, donations and participant fees | 441,468 | - | 441,468 |
| Consulting revenue | 210,000 | - | 210,000 |
| Advertising and sponsorships | 87,870 | - | 87,870 |
| In-kind donations (Note 10) | 68,957 | - | 68,957 |
| Royalties | 48,698 | - | 48,698 |
| Other revenue | 13,855 | - | 13,855 |
| Dividends, Interest and net investment loss, net (Note 13 and Note 14) | 43,422 | (569,294) | (525,872) |
| Net assets released from restrictions (Note 12) | 3,484,567 | (3,484,567) | - |
| TOTAL REVENUE AND SUPPORT | 6,110,419 | (2,151,860) | 3,958,559 |
| EXPENSES | | | |
| Program services | 5,318,750 | - | 5,318,750 |
| Fundraising | 522,404 | - | 522,404 |
| Management and general | 291,614 | - | 291,614 |
| TOTAL EXPENSES | 6,132,768 | - | 6,132,768 |
| CHANGES IN NET ASSETS | (22,349) | (2,151,860) | (2,174,209) |
| NET ASSETS, BEGINNING OF YEAR | 4,239,774 | 13,232,039 | 17,471,813 |
| NET ASSETS, END OF YEAR | $ 4,217,425 | $ 11,080,179 | $ 15,297,604 |

See accompanying notes to financial statements.

GREEN AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2023

| | Program Services | | | | | Supporting Services | | |
|---|---|---|---|---|---|---|---|---|
| | Green Business Programs | Consumer Education Program | Center for Sustainability Solutions | All Other Programs | Total Programs | Fundraising | Management and General | Total |
| Salaries | $ 311,360 | $ 1,396,414 | $ 1,046,754 | $ - | $ 2,754,528 | $ 333,264 | $ 99,316 | $ 3,187,108 |
| Consulting and professional services | 38,424 | 32,142 | 637,259 | - | 707,825 | 20,507 | 28,198 | 756,530 |
| Employee benefits | 37,925 | 162,865 | 131,551 | - | 332,341 | 39,799 | 13,112 | 385,252 |
| Printing and copying | 59,049 | 52,627 | 148,426 | - | 260,102 | 24,432 | 33,594 | 318,128 |
| Postage and shipping | 40,865 | 39,487 | 136,224 | - | 216,576 | 19,983 | 27,476 | 264,035 |
| Payroll taxes | 24,677 | 110,672 | 82,960 | - | 218,309 | 26,413 | 7,870 | 252,592 |
| Technology | 31,368 | 30,297 | 98,308 | - | 159,973 | 15,167 | 20,852 | 195,992 |
| Program awards and grants | 84 | 1,372 | 82,872 | 100,072 | 184,400 | 100 | 137 | 184,637 |
| Travel | 911 | 902 | 146,113 | - | 147,926 | 1,086 | 1,460 | 150,472 |
| Occupancy | 11,105 | 10,180 | 79,673 | - | 100,958 | 13,240 | 18,205 | 132,403 |
| Marketing | 12,178 | 8,975 | 63,762 | - | 84,915 | 10,596 | 14,570 | 110,081 |
| Other | 3,136 | 5,360 | 23,341 | 8,517 | 40,354 | 3,739 | 7,466 | 51,559 |
| Bank and credit card fees | 3,976 | 3,644 | 28,523 | 1,944 | 38,087 | 4,740 | 6,518 | 49,345 |
| Depreciation and amortization | 2,705 | 2,480 | 19,411 | - | 24,596 | 3,226 | 4,435 | 32,257 |
| Telephone and Internet | 2,135 | 1,957 | 15,449 | - | 19,541 | 2,546 | 3,501 | 25,588 |
| Interest expense | 1,846 | 1,692 | 13,243 | - | 16,781 | 2,201 | 3,025 | 22,007 |
| Bad debt expense | 721 | 661 | 5,174 | - | 6,556 | 860 | 1,182 | 8,598 |
| Office supplies | 423 | 445 | 4,114 | - | 4,982 | 505 | 697 | 6,184 |
| TOTALS | $ 582,888 | $ 1,862,172 | $ 2,763,157 | $ 110,533 | $ 5,318,750 | $ 522,404 | $ 291,614 | $ 6,132,768 |

See accompanying notes to financial statements.

GREEN AMERICA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

| | | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | $ | (2,174,209) |
| Adjustments to reconcile changes in net assets to net cash used for operating activities: | | |
| Depreciation and amortization | | 32,257 |
| Operating lease right-of-use asset amortization | | 103,715 |
| Change in allowance for doubtful accounts | | (500) |
| Contribution of securities | | (431,048) |
| Realized and unrealized loss on short term investments | | 973 |
| Net realized and unrealized gains on endowment fund | | 569,294 |
| Capitalization of member loan interest | | 15,948 |
| (Increase) decrease in operating assets | | |
| Accounts receivable and other receivables | | 967,588 |
| Pledges receivables | | (33,211) |
| Prepaid expenses | | (42,387) |
| Operating lease right-of-use asset | | (492,670) |
| Increase (decrease) in operating liabilities | | |
| Accounts payable and accrued liabilities | | 169,072 |
| Deferred revenue | | 13,500 |
| Agency funds | | (348,216) |
| Gift annuity liability | | (889) |
| Operating lease liabilities | | 395,929 |
| Net cash used for operating activities | | (1,254,854) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales of contributed securities | | 431,148 |
| Proceeds from sales of endowment investments, net | | 560,000 |
| Purchase of computer hardware, equipment and software | | (22,693) |
| Net cash provided by investing activities | | 968,455 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (286,399) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | | 5,379,054 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $ | 5,092,655 |
| SUPPLEMENTARY CASH FLOW INFORMATION: | | |
| Cash paid during the year for: | | |
| Interest | $ | 22,007 |
| Non-cash investing and financing activities: | | |
| Right-of-use asset obtained in exchange for new lease liabilities | $ | 492,670 |

See accompanying notes to financial statements.

## NOTE 1 – NATURE OF ACTIVITIES

*Nature of Activities*

Green America ("the Organization") was incorporated on December 1, 1989, under the laws of the District of Columbia. Green America is a non-profit charitable and membership organization that educates its members and the public about the role that public and private enterprise can play in solving today's social and environmental problems. To serve this purpose, Green America conducts a number of activities designed to educate the American public about the important role that businesses, investors, supply chains, and individuals can play in creating an economy based on justice, cooperation, environmental health, and social responsibility. Green America carries out its mission within three key areas: Consumer Education, Innovative Green Business Programs, and the Center for Sustainability Solutions, a program focused on supply chain solutions to social and environmental problems. Green America's primary publications are: Green American Magazine, Your Green Life, and the Guide to Social Investing & Better Banking (a digital resource).

*Description of Programs*

*Consumer Education:*

*Green Living* – Through publications, websites, email newsletters, webcasts, and social media, provides public education on green living, including reducing energy and resource use, avoiding toxins, reusing and recycling, including:

*Green American* – A magazine covering the social and environmental issues of our time.

*Action E Newsletter* – Provides green living information and opportunities to take action for a green economy and corporate responsibility.

*Guide to Social Investing & Better Banking* – A guide to help people make green investing and banking decisions.

*Your Green Life* – tips and strategies for greening your life, purchases, and investments.

*Climate and Clean Energy* – The Climate & Energy Program gives people tools to reduce their own carbon footprint while encouraging the most polluting corporations to do the same. The program mobilizes consumers, investors, businesses, and industry experts to encourage key state, local, federal and business decision makers to adopt the policies and regulations needed to bring solar and wind energy to scale and institute energy efficiency measures everywhere. The program encourages major corporations to reduce fossil fuel use and other climate pollutants such as refrigerants and switch to clean energy and other climate-friendly alternatives. The program has also developed the idea of Clean Energy Victory Bonds and educates the public about the importance of new financing mechanisms for renewable energy and energy efficiency.

*Skip the Slip* – Skip the Slip works to encourage retailers to shift from offering consumers toxic paper receipts that should not be recycled to providing digital receipts or no receipt options and providing non-toxic paper receipts to customers that request them.

NOTE 1 – NATURE OF ACTIVITIES (continued)

*Consumer Education:* (continued)

*Socially and Environmentally Responsible Investing and Banking* – The Socially and Environmentally Responsible Investing and Banking Program exposes banks that prey on consumers through predatory practices, and that finance the fossil fuel industry. The Community Investing program successfully promotes community investing solutions that provide financial services and opportunities to economically disadvantaged communities that are underserved by traditional financial institutions. The Break Up with Your Mega-Bank and Get a Better Bank campaigns are conducted to educate consumers about the impact banks and credit cards have on people and the planet. The Organization also provides education on fossil fuel divestment and clean energy investment for consumers interested in using investment strategies to mitigate the climate crisis.

*Labor Justice* – The Labor Justice program reaches out to consumers across the nation through our publications, websites, and events to spur demand for fair trade and responsibly-produced products. Green America also opposes the worst labor conditions through its campaigns. Green America conducts the Toxic Textiles campaign to educate the public about worker and environmental exposure to toxins in supply chains and to put pressure on companies to end this exposure. The program also calls out labor abuses in the cocoa sector, and at major online retail giants such as Amazon.com, and encourages manufacturers to improve labor conditions in their supply chains.

*Food Campaign* – The purpose of this program is to accelerate the shift of the food system from industrial agriculture to regenerative, organic, local, sustainable foods. The current focus of this program is on promoting regenerative agriculture that nourishes the soil and sequesters carbon emissions. The Climate Victory Gardens campaign encourages all Americans to plant a garden using regenerative agriculture practices.

*Policy & Advocacy* – This program educates and engages the public and policymakers on key green economy issues such as energy and climate change, toxic chemical control, support for minimum wage increases, and upholding and strengthening federal regulations that protect human and environmental health among other issues.

*Innovative Green Business Programs:*

*Greenpages.org* – A directory of green businesses to help consumers find businesses that help grow the green economy.

*Green Business Network* – Helps green businesses grow, thrive, and learn how to adopt the most rigorous sustainability practices.

*Green Business Webinars* – Green Business Webinars are held throughout the year for our business members and allies.

*Center for Sustainability Solutions:*

Works on bringing innovative green economy solutions to scale, including supply chain solutions. Innovation networks include:

*Clean Electronics Production Network:* Works to remove toxic chemicals from the electronic supply chain.

*Solar Circle:* Works to accelerate the adoption of solar energy to be 50% of energy by 2050.

NOTE 1 – NATURE OF ACTIVITIES (continued)

*Center for Sustainability Solutions (continued):*

*Climate Safe Lending:* Works to accelerate banking sector phase out of fossil fuel lending and focus on renewable energy and regenerative agriculture lending.

*Soil & Climate Alliance:* Works to accelerate farming practices that increase soil health and carbon sequestration as part of the global climate change solution. Initiatives include:

- *Advanced Soil Health Management Systems:* Validation and strategies for adoption of innovative soil solutions to speed soil regeneration.

- *Rewarding Farmers:* Advancing effective instruments to support the financial transition to innovative soil health practices.

- *Soil Carbon Initiative:* Standard protocol to verify soil health outcomes and facilitate investment in and adoption of soil health improvement strategies.

- *Regional Regenerative Supply Collaboration (formerly the Midwest Grains Initiative):* Works to increase the supply of grains that are produced with best practices for water quality, soil health and carbon sequestration in the Midwest.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

*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 (GAAP).

*Use of Estimates*
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

*Basis of Presentation*
The Organization is required to report information regarding its financial position and activities according to two classes of net assets. Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to stipulations. The Board of Directors will, at times, designate net assets for a particular purpose of the Organization. These net assets are shown separately in the statement of financial position, if any.

Net assets with donor restrictions – Net assets subject to stipulations that will be met either by actions of the Organization and/or the passage of time. Other donors impose restrictions that are perpetual.

*Cash and Cash Equivalents*
The Organization considers all unrestricted highly liquid investments, with an initial maturity of three months or less, to be cash equivalent.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

*Accounts Receivable*

Accounts receivable are stated at their net realizable values. Management evaluates the collectability of its accounts receivable based on certain factors, such as historical collection and aging categories. Accounts receivable are written off when deemed uncollectible. In management's opinion, all receivables, less the allowance for doubtful accounts, are considered fully collectible.

*Revenue Recognition*

Deferred revenue at March 31, 2023 represents amounts collected in advance under terms of various contracts within the scope of the Organization's mission. Revenue from these contracts is generally recognized when all revenue recognition criteria under the terms of the contracts have been met.

*Promises to Give / Pledges*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

*Investments*

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income (loss) in the Statement of Activities and Changes in Net Assets.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

*Property and Equipment*

Property and equipment are stated at cost. The Organization capitalizes expenditures on property and equipment in excess of $500. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets, which range between 3 and 7 years.

*Membership Dues (Contributions)*

The Organization records all membership dues as contributions, therefore, all membership dues are immediately recognized as revenue without donor restrictions in the period received. Management records dues as revenue upon receipt since they believe that the benefits received by its members are negligible. The dues are non-refundable and membership is available to the general public.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

*Donated Materials, Equipment and Services*

Donated materials and equipment are recorded as contributions at their estimated values at the date of receipt. The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset 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 support with donor restrictions.

*Donated Materials, Equipment and Services (continued)*

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions as net assets without donor restrictions at that time.

*Concentrations of Credit Risk*

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash equivalents. The Organization places its cash equivalents with high-quality institutions and, by policy, limits the amount of credit exposure to any one institution and where 99.6% of cash was protected by The Federal Deposit Insurance Corporation (FDIC).

*Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with particular programs or support functions are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program. Other costs have been allocated to program services and to support services based upon management's best estimates.

*Income Taxes*

The Organization has received a tax determination letter from the Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code and is thus exempt from Federal and State income taxes. The Organization, otherwise exempt from Federal and State income taxation, is nonetheless subject to taxation at corporate tax rates at both the Federal and State levels on its unrelated business income. Exemption from other state taxes, such as real and personal property tax, is separately determined. For the year ended March 31, 2023, management has determined that it did not have a tax liability.

The Organization's management evaluates tax positions and recognizes a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed its tax positions, and has concluded that as of March 31, 2023, there are no uncertain tax positions that would require recognition or disclosure. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

*Leases, changes in accounting policy/recently adopted accounting pronouncements*

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Organization adopted FASB ASC 842, with a date of initial application of April 1, 2022, by applying the modified retrospective transition approach and using the additional and optional transition method provided by ASU No. 2018-11, Leases (Topic 842): Targeted Improvements. The most significant effects of adopting FASB ASC 842 was the recognition of $492,670 of operating lease right-of-use assets and a total of $492,670 of current and long-term operating lease liabilities on the balance sheet as of April 1, 2022. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended March 31, 2023.

*Leases, changes in accounting policy/recently adopted accounting pronouncements (continued)*

As part of the transition, the Organization implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases;
- Election not to reassess the lease classification for any expired or existing leases;
- Election not to reassess initial direct costs on any existing leases.

Other practical expedients:

- Election whereby the lease and non-lease components will not be separated for leases of office space.
- Election not to record right-of-use assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

*Leases*

The Organization is a lessee of noncancellable operating lease for office space. Leases for other equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and right-of-use asset at the commencement date of the lease.

Beginning April 1, 2022, operating lease right-of-use assets and related current and long-term portions of operating lease liabilities have been presented in the statements of financial position.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

*Leases (continued)*

*Lease liabilities.* A lease liability is measured based on the present value of its future lease payments. Lease payments are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization uses the U.S. Treasury's risk-free rate for the applicable term. The implicit rates of the Organization's leases are not readily determinable; accordingly, the Organization uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Organization determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

*Right-of-use assets.* A right-of-use asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the right-of-use asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

*Subsequent Event Evaluation*

Green America has evaluated subsequent events for potential recognition or disclosure though December 06, 2023, the date the financial statements were available to be issued.

NOTE 3 – PLEDGES RECEIVABLE

In 1993, the Organization established a sustainer pledge program whereby individuals pledge a monthly contribution on an ongoing basis. Contributors can cancel their pledge at any time. The asset account *Pledges Receivable* represents the estimated future monthly pledges receivable from sustainers based upon guidelines developed by management. Since a contributor's pledge has no predetermined fixed duration period, management estimates the monthly pledge amount from sustainers to continue for a three-year period based upon a 15% attrition rate in the first year, 22% in the second year and 28% in the third year.

The three-year duration period and yearly attrition rates have been established by management based upon historic information and projected statistical results, and there is no guarantee that these estimates will be fully achieved.

NOTE 3 – PLEDGES RECEIVABLE (continued)

Pledges receivable from sustainers are due as follows:

| | Due in 1 Year | Due in 2 – 3 Years | Total |
|---|---|---|---|
| Pledges receivable - sustainers | $ 495,250 | $ 894,074 | $ 1,389,324 |
| Less: Discount to net present value | - | (71,584) | (71,584) |
| Allowance for uncollectible pledges | (34,733) | (69,466) | (104,199) |
| Total | (34,733) | (141,050) | (175,783) |
| Net pledges receivable | $ 460,517 | $ 753,024 | $ 1,213,541 |

NOTE 4 – AGENCY FUNDS

Agency Funds consist of funds awarded, based on a mutual agreement, between the Organization and Multiplier (a California nonprofit public benefit corporation), to transfer the Organization's Climate Safe Lending Network program, and all related assets thereto, to Multiplier, after March 31, 2022. The Agency Funds balance at March 31, 2022, was $348,216 and was paid to Climate Safe Lending vendors and Multiplier during the fiscal year ending March 31, 2023. Management believed that this transfer helped the program flourish in an international setting that Multiplier provided, and that the financial impact on the Organization net positive in the fiscal year ending March 31, 2023, as program expense has exceeded revenue.

NOTE 5 – NOTES PAYABLE

| | |
|---|---|
| Notes payable – Green America Loan Program, individual loans from members of the Organization. The note periods range from one month to five years at fixed and variable rates up to prime plus 1.5%. Note extensions are commonly exercised in accordance with terms of note agreements, the majority of which are automatic renewals and have been renewing since the program's inception. Notes payable balance at March 31, 2023 is considered current as it is expected to be paid within one year from the date of the financial statements. | $ 325,952 |

NOTE 6 – LEASE OBLIGATIONS AND COMMITMENTS

Effective February 4, 2021, the Organization amended the office space operating lease agreement to secure post-pandemic rental rates and to reflect space needs. As of September 1, 2021, the operating lease expiration date is August 31, 2026, and monthly base rent is $9,426 with an annual escalation of 3.5%.

NOTE 6 – LEASE OBLIGATIONS AND COMMITMENTS (continued)

The components of lease cost and statement of functional expenses caption allocation for the years ended March 31, 2023, are as follows:

| | Expense | | |
|---|---|---|---|
| Operating lease costs: | Occupancy costs | $ | 122,395 |

Maturities of operating lease liabilities as of March 31, 2023, were as follows:

| | | |
|---|---|---|
| 2024 | $ | 119,461 |
| 2025 | | 123,642 |
| 2026 | | 127,970 |
| 2027 | | 54,083 |
| Total lease payments | | 425,156 |
| Less: present value adjustment | | (29,227) |
| Present value of lease liabilities | $ | 395,929 |

The following information was used in the calculation of the operating lease liabilities, right-of-use assets, and the related impact on the financial statements as of March 31, 2023:

| | | |
|---|---|---|
| Weighted-average remaining lease term (years) | | 3.42 |
| Weighted-average discount rate | | 4.25% |
| Cash paid for amount included in the measurement of lease liabilities: | | |
| Operating cash flows paid for operating leases | $ | 115,421 |

NOTE 7 – GIFT ANNUITY LIABILITY

The Organization entered into a gift annuity agreement that requires disbursement of funds to a donor in consideration of the assets transferred by the donor to the Organization. As of March 31, 2023, the gift annuity liability was $5,310.

NOTE 8 – RETIREMENT PLAN

The Organization provides a defined contribution retirement plan that covers all full-time and part-time employees. Total retirement plan employer contributions for the year ended March 31, 2023 was $38,775.

NOTE 9 – LINE OF CREDIT

The Organization has a revolving line of credit with Beneficial State Bank for $350,000 with interest at U.S. prime rate plus 0.50% and with floor rate of 5.00%; the line of credit agreement expires on January 4, 2025. Borrowings are collateralized by substantially all assets of the Organization. As of March 31, 2023, there was no outstanding balance on the line of credit. Borrowings under the line of credit are subject to certain financial covenants and restrictions on indebtedness and other related items. As of March 31, 2023, in the opinion of management, the Organization was in compliance with all financial covenants.

## NOTE 10 – DONATED SERVICES

The Organization received in-kind contributions of various professional services that are recorded in the accompanying Statement of Activities. For the year ended March 31, 2023 such in-kind contributions consisted of the following:

| | |
|---|---|
| Legal and consulting services | $ 68,957 |

## NOTE 11 – ALLOCATION OF JOINT COSTS

For the year ended March 31, 2023, the organization incurred joint costs of $624,945 which were associated with direct mail, electronic mail, print publications, its website, and other marketing activity. Of that total, $509,781 was allocated to program activity, $48,490 was allocated to fundraising, and $66,674 was allocated to management/administrative activities.

## NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at March 31, 2023:

| | |
|---|---|
| Subject to the passage of time: | |
| Pledges receivable - sustainers (Note 3) | $ 1,213,541 |
| Subject to expenditure for specified purpose: | |
| Soil Carbon Initiative | 367,423 |
| Solar Circle | 19,089 |
| Total net assets subject to expenditure for specified purpose | 386,512 |
| Subject to appropriation and expenditure when a specific event occurs: | |
| Endowment Fund, up to 5% of January 1 balance can be used by the Organization each year for general operations (Note 14) | 9,480,126 |
| Total net assets with donor restrictions | $ 11,080,179 |

## NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by the donor, for the year ended March 31, 2023:

| | |
|---|---|
| Time restrictions expired: | |
| Pledges received - sustainers | $ 517,150 |
| | |
| Purpose restrictions accomplished: | |
| Soil Carbon Initiative | 1,629,769 |
| Endowment transferred for operations | 560,000 |
| Agriculture Network | 477,000 |
| Food Programs | 119,745 |
| Treesisters | 84,153 |
| General Programs | 40,000 |
| Climate | 28,000 |
| Kins | 23,750 |
| Labor | 5,000 |
| Total | 2,967,417 |
| | |
| Total restrictions released | $ 3,484,567 |

## NOTE 13 – INVESTMENT SECURITIES

The Organization follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value of its investment securities. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 13 – INVESTMENT SECURITIES (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2023.

*Common Stocks*: Level 1 valued at the closing price reported on the active market on which the individual stocks are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are comprised of investments in corporate common stocks. Realized gains and losses are determined using the specific identification method. At March 31, 2023, investments in corporate common stocks are reported at fair value.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of March 31, 2023:

| | Assets at Fair Value as of March 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Common stocks: | | | | |
| Consumer goods | $ 2,575 | $ - | $ - | $ 2,575 |
| Utilities | 139 | - | - | 139 |
| Basic materials | 219 | - | - | 219 |
| Retail | 295 | - | - | 295 |
| Financial | - | 5,097 | - | 5,097 |
| Total | $ 3,228 | $ 5,097 | $ - | $ 8,325 |

Investment return from investments without donor restrictions is summarized as follows:

| | |
|---|---|
| Interest and dividend income | $ 36,103 |
| Net realized and unrealized gains | 7,319 |
| Total | $ 43,422 |

NOTE 14 – DONOR RESTRICTED ENDOWMENT FUND

The Organization has interpreted the District of Columbia - enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions:

a) the original value of gifts donated to the donor-restricted endowment,
b) the original value of subsequent gifts to the donor-restricted endowment, and
c) accumulation to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE 14 – DONOR RESTRICTED ENDOWMENT FUND (continued)

The remaining portion of the donor-restricted endowment fund is classified as donor-restricted assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization.

Investment Policy:

The Organization's objective is to manage investment risk and to optimize investment returns within acceptable risk parameters and subject to the organization's socially responsible investment impact goals (see screening criteria below). The Organization's investment policy in general is long-term. The goals of the investment policy are to provide for the ongoing income needs, financial stability, and conservative growth of capital to meet future needs of the Organization and to enhance the purchasing power of funds held for future expenditures. The Organization has established a portfolio policy, which can be adjusted from time to time, and is designed to serve for long-term horizons based upon long-term expected returns.

The Green America Board has established impact guidelines for the portfolio reflecting the mission of Green America. Exclusionary screens will be applied on a "best efforts" basis and only applied to separately managed accounts. The Endowment Committee and Wealth Manager will seek out mutual funds, ETFs, or private funds meeting as many of the exclusionary screens and positive impact goals as possible.

Green America's portfolio screening criteria are as follows:

*Impact Priorities*

- Climate, renewal energy, and sustainable agriculture – we view this as a unified strategy
- Human rights and fair labor
- Community wealth building and financial inclusion and anti-racism initiatives

NOTE 14 – DONOR RESTRICTED ENDOWMENT FUND (continued)

Investment Policy:

*Exclusionary Screens:*

*Strict Avoidance:*

- Firearm producers
- Fur
- Military weapons
- Nuclear power
- Fossil fuels, including the entire fossil fuel energy sector and major banks financing the fossil fuel sector
- Predatory lending and products/services
- Mining industry
- GMOs

*Avoidance:*

- Alcohol
- Gambling
- Adult Entertainment
- Tobacco
- Treasuries (limit exposure)
- Animal testing

*Industry/company-specific exclusions:*

- Mining companies
- Agri-chemical companies
- Select firearm distributors

In addition, from time to time individual companies will be excluded upon review of separately managed account holdings at the Endowment Committee discretion.

Spending Policy:

The Organization has adopted spending policies for the donor-restricted endowment fund that attempt to provide a predictable stream of funding to programs while maintaining purchasing power.

Per the Endowment agreement, the Organization is permitted to withdraw from the Endowment account an amount of up to 5% of the Account balance as of January 1 in any given year. The Organization considers the prudence of that withdrawal within the context of its annual operating budget and cash forecasts. After such permitted withdrawals have been taken, the balances in the account are restricted for a period of 30 years from the date of the gift or until authorization to make other withdrawals is received from the donors.

NOTE 14 – DONOR RESTRICTED ENDOWMENT FUND (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2023.

*Bonds:* Valued at the closing price reported on the active market.

*Certificate of Deposit:* Valued using cost plus accrued interest method which approximates fair value.

*Common Stocks*: Valued at the closing price reported on the active market on which the individual stocks are traded.

*Mutual funds:* Valued at the net asset value ("NAV") of shares held by the Organization at year end.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are comprised of investments in bonds, certificate of deposit, common stocks and mutual funds. Realized gains and losses are determined using the specific identification method.

| | Assets at Fair Value as of March 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Bonds: | | | | |
| Corporate Bonds | $ 1,376,246 | $ - | $ - | $ 1,376,246 |
| Fixed Income Bonds | - | 288,553 | - | 288,553 |
| Certificate of Deposit: | 308,315 | - | - | 308,315 |
| Common stocks: | | | | |
| Corporate Stocks | 5,463,982 | - | - | 5,463,982 |
| Real Estate Investment Trusts | 163,148 | 255,196 | - | 418,344 |
| Mutual Funds: | | | | |
| Money Market Funds | 150,608 | - | - | 150,608 |
| Stock Funds | 274,854 | - | - | 274,854 |
| Bond Funds | 1,199,224 | - | - | 1,199,224 |
| Total | $ 8,936,377 | $ 543,749 | $ - | $ 9,480,126 |

Investment loss from investments with donor restrictions is summarized as follows:

| | |
|---|---|
| Interest and dividend income | $ 155,971 |
| Net realized and unrealized loss | (634,603) |
| Investment management fees | (90,662) |
| Total | $ (569,294) |

## NOTE 14 – DONOR RESTRICTED ENDOWMENT FUND (continued)

The maturities of debt securities and certificate of deposit are as follows as of March 31, 2023:

| | | |
|---|---|---|
| Due in one year or less | $ | 35,434 |
| Due in one to five years | | 1,539,887 |
| Due in more than five years | | 397,793 |
| Total | $ | 1,973,114 |

For the year ended March 31, 2023, the Organization had the following endowment-related activities:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ - | $ 10,609,420 | $ 10,609,420 |
| Contributions | - | - | - |
| Investment income: | | | |
| Net realized and unrealized gains | - | (634,603) | (634,603) |
| Interest and dividends | - | 155,971 | 155,971 |
| Transfer-in (out) | 560,000 | (560,000) | - |
| Investment management fees | - | (90,662) | (90,662) |
| Investment income, net | 560,000 | (1,129,294) | (569,294) |
| Appropriation of endowment assets for expenditure | (560,000) | - | (560,000) |
| Endowment net assets, end of year | $ - | $ 9,480,126 | $ 9,480,126 |

## NOTE 15 – FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS

The Organization's financial assets available for general expenditures within one year of the accompanying statement of financial position are as follows:

| | | |
|---|---|---|
| Financial assets, at year-end | | |
| Cash and cash equivalents | $ | 5,092,655 |
| Investment securities- short term (Note 13) | | 8,325 |
| Accounts and other receivables, net | | 148,399 |
| Pledges receivable (Note 3) | | 1,213,541 |
| Endowment Fund (Note 14) | | 9,480,126 |
| Financial assets available at March 31, 2023 | | 15,943,046 |
| Less those unavailable for general expenditures within one year, due to donor-imposed restrictions: | | |
| Pledges receivable - long term, net (Note 3) | | (753,024) |
| Restricted by donor for specific purpose (Note 12) | | (386,512) |
| Endowment Fund (Note 14) | | (9,480,126) |
| Financial assets available for general expenditures within one year | $ | 5,323,384 |

## NOTE 15 – FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS (continued)

The Organization receives a significant amount of restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

## NOTE 16 – CONTINGENCIES

From time to time, the Organization may become involved in legal claims arising in the ordinary course of its activities. Management reports that there are currently no known legal claims facing the Organization. In the opinion of management, the outcome of any legal proceedings would be covered by the Organization's insurance policies, subject to normal deductibles, and accordingly, would not have a material effect on its financial position or changes in net assets.