VERDE, INC.
FINANCIAL STATEMENTS
Year Ended June 30, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Verde, Inc.
Portland, Oregon

We have audited the accompanying financial statements of Verde, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2013, 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

The Organization's 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 auditors' 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 Verde, Inc. as of June 30, 2013, 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 Verde, Inc.'s June 30, 2012 financial statements, and our report dated February 4, 2013, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC
Portland, Oregon
December 19, 2013
### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$252,738</td>
<td>$398,887</td>
</tr>
<tr>
<td>Contracts receivable</td>
<td>157,064</td>
<td>159,711</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>200,579</td>
<td>287,218</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>13,193</td>
<td>22,895</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>35,039</td>
<td>30,643</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$658,613</strong></td>
<td><strong>$899,354</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$69,374</td>
<td>$44,298</td>
</tr>
<tr>
<td>Accrued payroll and related taxes</td>
<td>28,664</td>
<td>35,423</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>7,089</td>
<td>7,363</td>
</tr>
<tr>
<td>Line of credit</td>
<td>-</td>
<td>4,076</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>105,127</strong></td>
<td><strong>91,160</strong></td>
</tr>
</tbody>
</table>

**Net assets**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>191,574</td>
<td>335,588</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>361,912</td>
<td>472,606</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>553,486</strong></td>
<td><strong>808,194</strong></td>
</tr>
</tbody>
</table>

**Total liabilities and net assets**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$658,613</strong></td>
<td><strong>$899,354</strong></td>
</tr>
</tbody>
</table>

See notes to financial statements.
## VERDE, INC.
### STATEMENT OF ACTIVITIES

**Year Ended June 30, 2013**

(With Comparative Totals for the Year Ended June 30, 2012)

<table>
<thead>
<tr>
<th>Revenues and other support</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total 2013</th>
<th>Total 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service contracts</td>
<td>$ 1,031,769</td>
<td>-</td>
<td>$ 1,031,769</td>
<td>$ 1,345,130</td>
</tr>
<tr>
<td>Government grants and contributions</td>
<td>273,803</td>
<td>-</td>
<td>273,803</td>
<td>141,715</td>
</tr>
<tr>
<td>Public support</td>
<td>8,082</td>
<td>474,349</td>
<td>482,431</td>
<td>293,800</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>231,913</td>
<td>-</td>
<td>231,913</td>
<td>208,344</td>
</tr>
<tr>
<td>Interest income</td>
<td>121</td>
<td>-</td>
<td>121</td>
<td>131</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>10,061</td>
<td>-</td>
<td>10,061</td>
<td>11,036</td>
</tr>
<tr>
<td></td>
<td><strong>1,555,749</strong></td>
<td><strong>474,349</strong></td>
<td><strong>2,030,098</strong></td>
<td><strong>2,000,156</strong></td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>585,043</td>
<td>(585,043)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total revenues and other support**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,140,792 $(110,694)</td>
</tr>
</tbody>
</table>

**Expenses**

**Program services**

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verde Landscape</td>
<td>922,538</td>
</tr>
<tr>
<td>Verde Energy</td>
<td>374,371</td>
</tr>
<tr>
<td>¡Let Us Build Cully Park!</td>
<td>701,345</td>
</tr>
<tr>
<td>Outreach-Advocacy</td>
<td>131,019</td>
</tr>
<tr>
<td>Total program services</td>
<td>2,129,273</td>
</tr>
</tbody>
</table>

**Supporting services**

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>150,837</td>
</tr>
<tr>
<td>Fundraising</td>
<td>4,696</td>
</tr>
<tr>
<td>Total expenses</td>
<td>2,284,806</td>
</tr>
</tbody>
</table>

**Change in net assets**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$(144,014) $(110,694)</td>
</tr>
</tbody>
</table>

| Net assets, beginning of year | 335,588 | 472,606 | 808,194 | 809,439 |

| Net assets, end of year      | **$191,574** | **$361,912** | **$553,486** | **$808,194** |

See notes to financial statements.
### VERDE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES**

(With Comparative Totals for the Year Ended June 30, 2012)

**Year Ended June 30, 2013**

#### PROGRAM SERVICES

<table>
<thead>
<tr>
<th></th>
<th>Verde Landscape</th>
<th>Verde Energy</th>
<th>¡Let Us Build Cully Park!</th>
<th>Outreach Advocacy</th>
<th>Total Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$431,274</td>
<td>$196,376</td>
<td>$129,548</td>
<td>$67,971</td>
<td>$825,169</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>42,407</td>
<td>19,236</td>
<td>12,687</td>
<td>6,669</td>
<td>80,999</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>56,596</td>
<td>30,885</td>
<td>17,384</td>
<td>6,657</td>
<td>111,522</td>
</tr>
<tr>
<td>Professional services</td>
<td>88,452</td>
<td>35,340</td>
<td>479,323</td>
<td>34,813</td>
<td>637,928</td>
</tr>
<tr>
<td>Licenses, taxes, fees</td>
<td>4,114</td>
<td>503</td>
<td>442</td>
<td>5,059</td>
<td>9,505</td>
</tr>
<tr>
<td>Office supplies</td>
<td>153</td>
<td>1,536</td>
<td>1,056</td>
<td>368</td>
<td>3,113</td>
</tr>
<tr>
<td>Program supplies</td>
<td>52,545</td>
<td>30,750</td>
<td>28,719</td>
<td>251</td>
<td>112,265</td>
</tr>
<tr>
<td>Plant materials</td>
<td>141,149</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>141,149</td>
</tr>
<tr>
<td>Dump fees</td>
<td>9,731</td>
<td>317</td>
<td>317</td>
<td>355</td>
<td>10,720</td>
</tr>
<tr>
<td>Printing</td>
<td>714</td>
<td>637</td>
<td>863</td>
<td>231</td>
<td>2,445</td>
</tr>
<tr>
<td>Postage</td>
<td>211</td>
<td>5</td>
<td>149</td>
<td>-</td>
<td>365</td>
</tr>
<tr>
<td>Telephone</td>
<td>4,648</td>
<td>2,810</td>
<td>3,387</td>
<td>1,645</td>
<td>12,490</td>
</tr>
<tr>
<td>Occupancy</td>
<td>6,087</td>
<td>8,285</td>
<td>10,590</td>
<td>5,286</td>
<td>30,248</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>4,752</td>
<td>530</td>
<td>558</td>
<td>-</td>
<td>5,840</td>
</tr>
<tr>
<td>Other equipment</td>
<td>5,721</td>
<td>5,233</td>
<td>1,341</td>
<td>-</td>
<td>12,295</td>
</tr>
<tr>
<td>Insurance</td>
<td>23,377</td>
<td>10,652</td>
<td>7,351</td>
<td>1,892</td>
<td>43,272</td>
</tr>
<tr>
<td>Utilities</td>
<td>826</td>
<td>402</td>
<td>1,431</td>
<td>826</td>
<td>3,485</td>
</tr>
<tr>
<td>Vehicle expense</td>
<td>35,679</td>
<td>13,781</td>
<td>465</td>
<td>44</td>
<td>49,969</td>
</tr>
<tr>
<td>Travel</td>
<td>2,296</td>
<td>1,333</td>
<td>3,624</td>
<td>2,791</td>
<td>10,044</td>
</tr>
<tr>
<td>Training and education</td>
<td>8,527</td>
<td>2,464</td>
<td>-</td>
<td>646</td>
<td>11,637</td>
</tr>
<tr>
<td>Recruiting</td>
<td>94</td>
<td>165</td>
<td>-</td>
<td>-</td>
<td>259</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,178</td>
<td>6,064</td>
<td>325</td>
<td>-</td>
<td>9,567</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>7,067</td>
<td>1,785</td>
<td>574</td>
<td>9,433</td>
</tr>
</tbody>
</table>

#### SUPPORTING SERVICES

<table>
<thead>
<tr>
<th></th>
<th>Administration</th>
<th>Fundraising</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$48,702</td>
<td>$3,788</td>
<td>$877,659</td>
<td>$801,014</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>4,753</td>
<td>341</td>
<td>86,093</td>
<td>77,667</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>6,928</td>
<td>567</td>
<td>119,017</td>
<td>83,677</td>
</tr>
<tr>
<td>Professional services</td>
<td>61,535</td>
<td>-</td>
<td>699,463</td>
<td>589,192</td>
</tr>
<tr>
<td>Licenses, taxes, fees</td>
<td>463</td>
<td>-</td>
<td>5,522</td>
<td>4,514</td>
</tr>
<tr>
<td>Office supplies</td>
<td>9,505</td>
<td>-</td>
<td>12,618</td>
<td>23,484</td>
</tr>
<tr>
<td>Program supplies</td>
<td>386</td>
<td>-</td>
<td>112,651</td>
<td>76,263</td>
</tr>
<tr>
<td>Plant materials</td>
<td>-</td>
<td>-</td>
<td>141,149</td>
<td>100,399</td>
</tr>
<tr>
<td>Dump fees</td>
<td>317</td>
<td>-</td>
<td>11,037</td>
<td>18,624</td>
</tr>
<tr>
<td>Printing</td>
<td>434</td>
<td>-</td>
<td>799</td>
<td>814</td>
</tr>
<tr>
<td>Postage</td>
<td>365</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>1,898</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Occupancy</td>
<td>5,909</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>36</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other equipment</td>
<td>1,058</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,596</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>4,395</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vehicle expense</td>
<td>49,969</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>2,427</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Training and education</td>
<td>310</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recruiting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,058</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>1,612</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total**

$922,538 $374,371 $701,345 $131,019 $2,129,273 $150,837 $4,696 $2,284,806 $2,001,401

See notes to financial statements.
<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$(254,708)</td>
<td>$(1,245)</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile change in net assets to</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>10,625</td>
<td>8,535</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts receivable</td>
<td>2,647</td>
<td>81,489</td>
</tr>
<tr>
<td>Grants and contributions receivable</td>
<td>86,639</td>
<td>309,827</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,702</td>
<td>(11,930)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>25,076</td>
<td>(2,267)</td>
</tr>
<tr>
<td>Accrued payroll and related taxes</td>
<td>(6,759)</td>
<td>5,812</td>
</tr>
<tr>
<td>Accrued vacation</td>
<td>(274)</td>
<td>(588)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(127,052)</td>
<td>389,633</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of equipment</td>
<td>(15,021)</td>
<td>(9,200)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net borrowings on line of credit</td>
<td>(4,076)</td>
<td>245</td>
</tr>
<tr>
<td><strong>Net change in cash</strong></td>
<td>(146,149)</td>
<td>380,678</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>398,887</td>
<td>18,209</td>
</tr>
<tr>
<td><strong>Cash, end of year</strong></td>
<td>$252,738</td>
<td>$398,887</td>
</tr>
</tbody>
</table>

See notes to financial statements.
NOTE A – DESCRIPTION OF ORGANIZATION

Verde, Inc. (the Organization) is an Oregon tax exempt not-for-profit corporation. Verde’s mission: Verde serves communities by building environmental wealth through social enterprise, outreach and advocacy.

➢ Social Enterprise

The Organization establishes environmental businesses to employ and train low-income adults, create contracting opportunities for minority-owned and women-owned businesses, and bring environmental infrastructure to low-income neighborhoods. Structured as programs of the Organization, these enterprises sell environmental products and services in support of its tax-exempt mission. The Organization has four enterprises: Verde Landscape, Verde Energy, Verde Nursery, and Verde Builds. In FY13, Verde Nursery’s and Verde Builds’ activities were limited to the ¡Let Us Build Cully Park! project.

➢ ¡Let Us Build Cully Park!

In cooperation with local governments and community partners, Verde is tasked with the development of a 25 acre park in Portland’s Cully Neighborhood. The park will provide access to nature, create healthy recreation opportunities, redress a long-standing absence of a park in the Cully neighborhood, educate youth, create economic opportunity for low-income people to participate in the green economy and build environmental wealth. Thomas Cully Park will be owned and managed by the City of Portland and plans include community gardens, play area, recreational facilities, trails with fitness course and picnic areas.

➢ Outreach-Advocacy

The Organization engages residents, peer organizations and policymakers about the connection between protecting the environment and making a good living, empowering low-income people and people of color to drive environmental resources into their neighborhoods in response to existing needs.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, which recognizes revenue when earned and expenses when incurred.
NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** – Net assets not subject to donor-imposed restrictions.
- **Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Estimates

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

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contracts Receivable

Contracts receivable are recorded monthly as the related projects are completed and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Management has determined that no allowance for doubtful accounts was necessary as of June 30, 2013.

Property and Equipment

Furniture and equipment is recorded at cost when purchased or fair market value when donated. Depreciation is computed using the straight-line method over an estimated useful life of three to seven years. Expenditures exceeding $1,000 for additions, major renewals and betterments are capitalized. Maintenance and repairs are expensed when incurred.
NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization has been approved as a tax exempt organization under the Internal Revenue Code Section 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of $1,000.

The Organization’s federal exempt organization information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Allocation of Functional Expenses

The cost of providing the various programs and other activities has been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2012 information to conform with the 2013 presentation. These reclassifications had no effect on net assets.

NOTE C – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable, which are unconditional promises to give, consist of the following at June 30, 2013:

Grants and contracts receivable expected to be collected in:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$195,329</td>
</tr>
<tr>
<td>One to five years</td>
<td>5,250</td>
</tr>
</tbody>
</table>

$200,579

Grants and contributions receivable are recorded at the present value of the estimated cash flows, which approximates net realizable value. Management has determined that all grants and contributions receivable are fully collectible; therefore, an allowance for uncollectible accounts was not necessary at June 30, 2013.
NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>$7,497</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$43,976</td>
</tr>
<tr>
<td>Equipment</td>
<td>$22,124</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$73,597</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td><strong>(38,558)</strong></td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td><strong>$35,039</strong></td>
</tr>
</tbody>
</table>

NOTE E – LINE OF CREDIT

The Organization maintains a line of credit for funding up to $100,000 with Umpqua Bank. Interest is payable monthly at the Wall Street Prime rate plus 1%, but not less than 5% (5% at June 30, 2013). Substantially all assets are pledged as security on the line of credit. There was no balance outstanding on the line of credit at June 30, 2013.

NOTE F – OPERATING LEASE COMMITMENTS

Minimum lease payments under non-cancellable leases for the office space and copier are as follows:

<table>
<thead>
<tr>
<th>Year Ended June 30, 2014</th>
<th>$37,134</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$8,334</td>
</tr>
<tr>
<td>2016</td>
<td>$1,716</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,184</strong></td>
</tr>
</tbody>
</table>

Total rental expense for the year ended June 30, 2013 was $34,088.

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 are assets subject to donor-imposed stipulations that will be met by action of the Organization. Assets temporarily restricted for purpose include:

Temporarily restricted for purpose and timing:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living Cully: A Cully Ecodistrict</td>
<td>$306,053</td>
</tr>
<tr>
<td>¡Let Us Build Cully Park!</td>
<td>$24,294</td>
</tr>
<tr>
<td>Social Enterprise</td>
<td>$31,565</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$361,912</strong></td>
</tr>
</tbody>
</table>
NOTE H – IN-KIND CONTRIBUTIONS

In-kind donations of professional services, equipment and other materials are recorded when there is an objective basis upon which to value the contribution and where the contribution is an essential part of the Organization’s activities. During the year ended June 30, 2013, the Organization received professional services valued at $231,913 in connection with pre-development expenses to develop Cully Park. These services represent technical assistance personnel hours, environmental sampling, community outreach and legal services.

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2013, which is the date the financial statements were available to be issued.