

ISLAND GREEN BUILDING ASSOCIATION,
INCORPORATED

FINANCIAL STATEMENTS

For the Year Ended December 31, 2021



JEBRAN & ABRAHAM, PC
Certified Public Accountants and Business Consultants

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Island Green Building Association, Incorporated
St John, Virgin Islands

Opinion

We have audited the accompanying financial statements of Island Green Building Association, Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, 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 Island Green Building Association, Incorporated as of December 31, 2021, and the changes in 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. 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 Island Green Building Association, Incorporated 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 Island Green Building Association, Incorporated's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Island Green Building Association, Incorporated's 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 Island Green Building Association, Incorporated'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.

Jebran & Abraham, P.C.

New Britain, Pennsylvania

July 7, 2022

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
 STATEMENTS OF FINANCIAL POSITION
 As of December 31, 2021

	<u>2021</u>
ASSETS	
Cash and cash equivalents	\$ 386,212
Fixed Assets	
Equipment	160,850
Computer	1,952
Vehicles	49,000
Warehouse Improvements	<u>280,243</u>
Total Fixed Assets	492,045
Less: Accumulated Depreciation	<u>(86,093)</u>
Total Fixed Assets, net	<u>405,952</u>
Total Assets	<u><u>\$ 792,164</u></u>
LIABILITY AND NET ASSETS	
Liability	
Accounts payable and accrued expenses	<u>\$ 7,887</u>
Total Liabilities	7,887
Net Assets	
Net assets without restriction	665,706
Net assets with restriction	<u>118,571</u>
	<u>784,277</u>
Total Liabilities and Net Assets	<u><u>\$ 792,164</u></u>

See accompanying notes and independent auditors' audit report.

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
STATEMENT OF ACTIVITY
For the Year Ended December 31, 2021

	2021		
	Net Assets without Restriction	Net Assets with Restriction	Total
Support and revenue			
Donations	\$ 463,060	\$ 159,980	\$ 623,040
Donations-in kind	31,119	-	31,119
Grants	43,964	-	43,964
Interest income	137	-	137
Membership Dues	310	-	310
Program income	80,810	-	80,810
Net assets released from restriction	41,409	(41,409)	-
	<u>660,809</u>	<u>118,571</u>	<u>779,380</u>
Expenses			
Program	113,083	-	113,083
Managment and General	250,230	-	250,230
	<u>363,313</u>	<u>-</u>	<u>363,313</u>
Increase in net assets	297,496	118,571	416,067
Net Assets, Beginning of the Year	<u>368,210</u>	<u>-</u>	<u>368,210</u>
Net Assets, End of the Year	<u>\$ 665,706</u>	<u>\$ 118,571</u>	<u>\$ 784,277</u>

See accompanying notes and independent auditors' audit report.

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program	Management and General	Fundraising and Marketing	Total
Advertising	\$ 32	\$ 2,763		\$ 2,795
Automobile	2,546	-	-	2,546
Bank fees	15	3,061	-	3,076
Community Education	-	688	-	688
Facilities and Equipment	3,188	6,146		9,334
Fundraising	-	50	-	50
Insurance	2,162	6,931	-	9,093
Memberships	-	1,442	-	1,442
Office Expense	5,633	4,327	-	9,960
Education	1,000	-	-	1,000
Payroll	75,007	89,967	-	164,974
Payroll Taxes	6,939	9,632	-	16,571
Professional Fees	6,595	84,418	-	91,013
Rent	-	1,200	-	1,200
Repairs and Maintenance	8,253	2,720	-	10,973
Depreciation	-	31,806	-	31,806
Travel and Meetings	1,713	5,079	-	6,792
	<u>\$ 113,083</u>	<u>\$ 250,230</u>	<u>\$ -</u>	<u>\$ 363,313</u>

See accompanying notes and independent auditors' audit report.

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	2021
Cash flows from operating activities	
Increase in net assets	\$ 416,067
Adjustments to reconcile increase in net cash to net assets provided by operating activities	
Depreciation	31,806
Forgiveness of PPP loan	(43,964)
Change in assets and liabilities	
Accounts payable and accrued expenses	(337)
Net cash provided by operating activities	403,572
Cash Flow from Investing Activities:	
Purchase of equipment	(118,634)
Net cash used in investing activities	(118,634)
Cash Flow from Financing Activities:	
Proceeds from PPP funding	28,712
Net cash provided by financing activities	28,712
Net Increase in Cash	313,650
Cash, Beginning of Year	72,562
Cash, End of Year	\$ 386,212

See accompanying notes and independent auditors' audit report.

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

1. Organization and Nature of Operations

Nature of Organization

Island Green Living Association (“Organization”) is a U.S. Virgin Islands-based nonprofit with the mission to expand sustainability measures in order to protect the environment while ensuring the health, welfare and economic security of the territory. The key focus is turning what many would consider “waste” into a resource – from the recycling of aluminum and ocean-bound plastics to the Resource Depot thrift shop and Brush Chipping Program. The Organization’s advocacy campaigns have successfully banned toxic sunscreen, plastic bags and straws as well as the burning of vegetative debris in the territory.

2. Date of Management’s Review

In preparing the financial statements, the Organization has evaluated the events and transactions for potential recognition or disclosure through July 7, 2022 the date that the financial statements were available to be issued.

3. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization uses the accrual method of accounting in conformity with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets with donor restrictions and without donor restrictions. The following classes of net assets are maintained:

Net assets without donor restrictions

The net assets without donor restrictions class includes assets available for the use in general operations of the Organization. The net assets without donor restrictions of the Organization may be used at the used at the discretion of the Board of Directors to support the Organization’s purposes and operations.

Net assets with donor restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors and include donations for a particular asset or program. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. When the contribution is used for the purpose intended or the passage of time has expired, the amount is released to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions and Grants

Contributions are reported as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

3. Summary of Significant Accounting Policies - continued

Contributions and Grants-continued

Contributions restricted by the donor are reported as increases in net assets without donor restriction if the restriction expires in the reporting period in which the Organization recognized the contribution. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions.

In-Kind Donations

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation and are included in revenue. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted them for 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 contributions with donor restrictions. The Organization recognizes donations without restrictions as received. Donations with donor-imposed restrictions that are met in the current reporting period are reported as contributions without restrictions. The Organization included \$31,119 from the donation of solar panels in the year ended December 31, 2021.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization maintains cash balances with financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2021, the Organization's uninsured cash balance was \$134,278.

The following table provides a reconciliation of cash and restricted cash as reported on the statement of financial position.

	2021
Cash and cash equivalents	
Unrestricted	\$ 376,212
Restricted	10,000
	\$ 386,212

Property and Equipment

Furniture and equipment are stated at cost. Donated property and equipment is recognized when received at fair value. Depreciation is provided for on a straight-line basis over the estimated service lives of the assets, which is generally over five (5), seven (7) or twenty (20) years.

Income Taxes

The Organization is an exempt organization under Sec. 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Virgin Islands sales taxes.

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

3. Summary of Significant Accounting Policies - continued

Uncertain Tax Positions

In accordance with generally accepted accounting principles, the Organization accounts for uncertainty in income taxes by recognizing tax positions in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by tax authorities. As of September 30, 2021, the Organization believes that it has appropriate support for the income tax positions taken on its tax returns and, therefore, believes that it has no uncertain tax positions that would have a material impact on the financial statements. As of December 31, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

Allocation of Functional Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain cost that benefit more than one function have been allocated among the programs and supporting services based on estimates of time and effort.

Salaries, payroll taxes and contracted employees have been allocated to each function based on a percentage estimate of time and effort spend working within each function of the Organization. Advertising, insurance and telephone are allocated based on estimates of usage amongst each function. All other natural expense categories have been allocated based on direct expenditures incurred.

Use of Estimates

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

Adoption of New Accounting Pronouncement

The Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended September 30, 2019. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The change required by the update have been applied retrospectively to all periods presented. A key change required by the update is the net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

4. Liquidity and Availability of Financial Assets

The following reflects the Organizations financial assets as of the date of the statement of financial positions. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditures within one year of the statement of financial positions.

ISLAND GREEN BUILDING ASSOCIATION, INCORPORATED
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

4. Liquidity and Availability of Financial Assets-continued

	<u>2021</u>
Cash and cash equivalents-unrestricted	\$ 376,212
Financial assets available to meet cash needs for the general expenditures for on year	<u>\$ 376,212</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities and obligations come due.

5. Note Payable SBA PPP

The Organization applied for and received a Paycheck Protection Program ("PPP") loan under a new federal program designed to support small businesses during the pandemic. The PPP loan program was part of The CARES Act, which was signed into law on March 27, 2020 and is being implemented by the SBA with cooperation from private banks. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied for the PPP loan to fund payroll and other allowable costs while the Company responded to government restrictions on business operations and anticipated reduced revenues from the economic downturn associated with the pandemic. Two loans totaling \$43,964 were received. The organization applied for and was granted forgiveness for the both loans, and the amount of \$43,964, is reflected on the Statement of Activity as a grant.