

**UNCOMMON GOOD,
A CALIFORNIA NONPROFIT CORPORATION
FINANCIAL STATEMENTS**

December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Uncommon Good, A California Non-Profit Corporation**

Report on Financial Statements

We have audited the accompanying financial statements of **Uncommon Good, A California Non-Profit Corporation**, which comprise of the statements of financial position as of **December 31, 2015 and 2014**, and the related statements of activities, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Uncommon Good, A California Non-Profit Corporation as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2016, on our consideration of Uncommon Good, A California Non-Profit Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Uncommon Good, A California Non-Profit Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Forman, Richter & Rubin". The signature is written in a cursive, flowing style.

**FORMAN, RICHTER AND RUBIN
AN ACCOUNTANCY CORPORATION**

**Covina, California
March 7, 2016**

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents (Notes 2 and 6)	\$ 707,351	\$ 481,910
Prepaid expenses	<u>32,383</u>	<u>35,898</u>
Total Current Assets	739,734	517,808
RESTRICTED DEPOSITS (Note 3)	752,720	656,888
PROPERTY AND EQUIPMENT (Notes 2 and 4)	<u>947,958</u>	<u>976,303</u>
Total Assets	<u>\$ 2,440,412</u>	<u>\$ 2,150,999</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	<u>\$ 16,526</u>	<u>\$ 11,020</u>
NET ASSETS		
Unrestricted (Note 2)	1,671,166	1,483,091
Temporarily restricted (Notes 2 and 3)	<u>752,720</u>	<u>656,888</u>
Total Net Assets	<u>2,423,886</u>	<u>2,139,979</u>
Total Liabilities and Net Assets	<u>\$ 2,440,412</u>	<u>\$ 2,150,999</u>

The accompanying Notes to Financial Statements
are an integral part of this statement

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Government contracts and grants	\$ 6,400	\$ -	\$ 6,400
Contributions	167,369	-	167,369
Foundations	122,043	1,122,478	1,244,521
Farming	38,392	-	38,392
Interest revenue	5,111	-	5,111
Total	339,315	1,122,478	1,461,793
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions (Note 2)	<u>1,026,646</u>	<u>(1,026,646)</u>	<u>-</u>
Total Revenue and Support	1,365,961	95,832	1,461,793
EXPENSES			
Program services	1,032,550	-	1,032,550
Management and general	23,875	-	23,875
Fundraising	121,461	-	121,461
Total Expenses	1,177,886	-	1,177,886
Increase in Net Assets	188,075	95,832	283,907
Net Assets at Beginning of Year	1,483,091	656,888	2,139,979
Net Assets at End of Year	<u>\$ 1,671,166</u>	<u>\$ 752,720</u>	<u>\$ 2,423,886</u>

The accompanying Notes to Financial Statements
are an integral part of this statement

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Government contracts and grants	\$ 6,500	\$ -	\$ 6,500
Contributions	153,143	9,083	162,226
Foundations	247,784	647,805	895,589
Farming	19,514	-	19,514
Interest revenue	4,545	-	4,545
Total	431,486	656,888	1,088,374
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program restrictions (Note 2)	<u>330,035</u>	<u>(330,035)</u>	<u>-</u>
Total Revenue and Support	761,521	326,853	1,088,374
EXPENSES			
Program services	791,938	-	791,938
Management and general	32,629	-	32,629
Fundraising	87,481	-	87,481
Total Expenses	912,048	-	912,048
Increase (Decrease) in Net Assets	(150,527)	326,853	176,326
Net Assets at Beginning of Year	1,633,618	330,035	1,963,653
Net Assets at End of Year	<u>\$ 1,483,091</u>	<u>\$ 656,888</u>	<u>\$ 2,139,979</u>

The accompanying Notes to Financial Statements
are an integral part of this statement

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 403,280	\$ 7,572	\$ 56,910	\$ 467,762
Payroll taxes / benefits	79,261	622	13,156	93,039
Community outreach	7,869	-	-	7,869
Conferences and training	1,506	371	371	2,248
Farming operating expenses	39,605	-	-	39,605
Insurance	13,829	3,457	17,287	34,573
Janitorial	3,466	867	867	5,200
Landscape	-	-	945	945
Membership dues	-	1,492	-	1,492
Office	-	-	469	469
Postage and shipping	443	110	110	663
Printing and copying	3,084	-	-	3,084
Professional fees	7,538	-	21,962	29,500
Security	244	61	61	366
Sponsorships	406,675	-	-	406,675
Supplies	37,145	3,024	3,024	43,193
Telephone	4,888	1,204	1,204	7,296
Travel	3,726	918	918	5,562
	1,012,559	19,698	117,284	1,149,541
Depreciation	19,991	4,177	4,177	28,345
Totals	\$ 1,032,550	\$ 23,875	\$ 121,461	\$ 1,177,886

The accompanying Notes to Financial Statements
are an integral part of this statement

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2014

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 348,104	\$ 18,902	\$ 44,420	\$ 411,426
Payroll taxes / benefits	64,210	598	2,498	67,306
Community outreach	4,881	-	-	4,881
Conferences and training	1,963	491	491	2,945
Farming operating expenses	40,377	-	-	40,377
Insurance	9,315	2,330	11,871	23,516
Janitorial	3,466	867	867	5,200
Landscape	-	-	1,072	1,072
Membership dues	-	686	-	686
Office	-	-	1,527	1,527
Postage and shipping	789	197	197	1,183
Printing and copying	3,276	-	-	3,276
Professional fees	-	-	15,980	15,980
Security	244	61	61	366
Sponsorships	261,368	-	-	261,368
Supplies	28,985	2,255	2,255	33,495
Telephone	3,831	958	958	5,747
Travel	2,189	547	547	3,283
	772,998	27,892	82,744	883,634
Depreciation	18,940	4,737	4,737	28,414
Totals	\$ 791,938	\$ 32,629	\$ 87,481	\$ 912,048

The accompanying Notes to Financial Statements
are an integral part of this statement

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 283,907	\$ 176,326
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</i>		
Depreciation expense	28,345	28,414
(Increase) decrease in assets:		
Prepaid expenses	3,515	(5,347)
Increase (decrease) in liabilities:		
Accounts payable	5,506	1,125
CASH PROVIDED BY OPERATING ACTIVITIES	<u>321,273</u>	<u>200,518</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(2,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net deposit (to) restricted cash	<u>(95,832)</u>	<u>(326,853)</u>
Net Increase (Decrease) in Cash	225,441	(129,185)
Cash at Beginning of Year	<u>481,910</u>	<u>611,095</u>
Cash at End of Year	<u><u>\$ 707,351</u></u>	<u><u>\$ 481,910</u></u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid During the Years for:

Income taxes				
Interest	\$	-	\$	-
	\$	-	\$	-

The accompanying Notes to the Financial Statements
are an integral part of this statement

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

1. NATURE OF ORGANIZATION

Uncommon Good, a California Non-profit Corporation (the Organization), is a nonprofit corporation organized on April 4, 2000 under the laws of the State of California. The specific purpose of the Organization is to work for the creation of economically and environmentally sustainable communities in which education, health care, justice, work, healthy food, clean air, fresh water and renewable energy are available to all regardless of income. This purpose will be accomplished through education projects for the poor; the support of doctors and dentists who serve in low income communities; connect to college mentoring program; urban farming; and projects to preserve the environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S generally accepted accounting principles.

Accounts Receivable

The Organization considers its accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Capitalization and Depreciation

Property and equipment are stated at cost when purchased or at estimated fair value if donated. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided on a straight-line basis in amounts sufficient to depreciate the cost of the assets over their estimated useful lives of 3 to 39 years. Major additions, betterments and improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

The Organization capitalizes all expenditures for property, furniture and equipment in excess of \$1,000.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets for which the donor has stipulated that the principal be maintained into perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Support and Revenue

The Organization receives donations from public and private foundations, fundraising events and other sources and recognizes these revenues when earned.

Contributions

Contributions are recognized when received and 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with initial maturities of three months or less to be cash equivalents.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Organization's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal income tax returns have a three year statute of limitations, and the state income tax returns have a four year statute of limitations.

The Organization evaluates all significant tax positions. As of December 31, 2015 and 2014, the Organization does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. It is the Organization's policy to recognize any interest and penalties in the year incurred. There was no interest or penalties incurred in 2015 and 2014.

Functional Allocation of Expenses

The costs of providing the various projects and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various projects and the supporting services benefited.

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors.

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Fair Value Measurement

In accordance with U.S. GAAP, valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs are internally derived, reflecting what the reporting entity believes to be market assumptions. U.S. GAAP classifies these inputs into the following hierarchy:

- Level One Inputs – Quoted prices for identical instruments in active market.
- Level Two Inputs – Quoted prices for identical instruments in active market; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level Three Inputs – Instruments with primarily unobservable value drivers.

In adopting the fair value measurement in accordance with U.S. GAAP, related disclosures are segregated for assets and liabilities measured at fair value based on the level used within the hierarchy to determine their fair values. These standards do not have any financial impact on the Organization's financial statements.

3. RESTRICTED DEPOSITS

As of December 31, 2015 and 2014, the Organization has \$752,720 and \$656,888 in temporarily restricted contributions for their programs, respectively. These funds are held for future use.

4. PROPERTY AND EQUIPMENT

	<u>2015</u>	<u>2014</u>
<i>Property and equipment consists of the following:</i>		
COST		
Furniture and equipment	\$ 48,486	\$ 48,486
Whole Earth Building	1,007,833	1,007,833
Total Cost	1,056,319	1,056,319
Less : Accumulated depreciation	(108,361)	(80,016)
Net Value - Property and Equipment	\$ 947,958	\$ 976,303

The depreciation policies followed by the Organization are described in Note (2).

Depreciation expense for the years ended December 31, 2015 and 2014 amounted to \$28,345 and \$28,414, respectively.

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Years Ended December 31, 2015 and 2014

5. CONTRIBUTED SERVICES AND MATERIALS

The Organization has a Connect to College program which provides one to one volunteer mentors and tutors for children, ages 9 through 14 who are living in poverty. A substantial number of volunteers have made contribution of their time to assist the Organization in its programs. During the years ended December 31, 2015 and 2014, the estimated value of contributed services which do not meet the financial statement recognition criteria is approximately \$338,000 and \$344,500, respectively.

6. COMMITMENTS AND CONTINGENCIES

The FDIC insured limit is \$250,000. The Organization maintains bank deposits that from time to time may exceed the federally insured limit.

7. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2015, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through March 7, 2016, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Board of Directors
Uncommon Good, A California Non-Profit Corporation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Uncommon Good, A California Non-Profit Corporation (the Organization)**, which comprise the statement of financial position as of **December 31, 2015**, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Forman, Richter & Rubin". The signature is written in a cursive, flowing style.

**FORMAN, RICHTER & RUBIN
AN ACCOUNTANCY CORPORATION**

**Covina, California
March 7, 2016**

UNCOMMON GOOD, A CALIFORNIA NON-PROFIT CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 2015

A. SUMMARY OF AUDITORS' RESULTS

I. Financial Statements

1. The auditors' report expresses an unmodified opinion on the financial statements of **Uncommon Good, A California Non-Profit Corporation**.
2. Internal Control over Financial Reporting:
 - a. No reportable conditions relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in accordance with *Government Auditing Standards*.

II. Federal and State Awards

1. Internal Control over Non-Major Program:
 - a. No instances of noncompliance material to the financial statements of **Uncommon Good, A California Non-Profit Corporation** were disclosed during the audit.

B. FINDINGS AND QUESTIONED COSTS – Financial Statement Audit

None

C. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no findings in the prior year.