

**HIP HOP IS GREEN**

Reviewed Financial Statements  
December 31, 2021

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Amanda O'Rourke, CPA  
Matt Smith, CPA  
Claire Chow, CPA  
Jason Mallon, CPA



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Hip Hop is Green  
Federal Way, Washington

We have reviewed the accompanying financial statements of Hip Hop is Green (the 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2021 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Greenwood Ohlund*

Seattle, Washington  
December 6, 2022

## HIP HOP IS GREEN

### STATEMENT OF FINANCIAL POSITION December 31, 2021

ASSETS	
Current Assets	
Cash and cash equivalents	\$ 72,993
Government grants receivable	<u>27,625</u>
Total current assets	100,618
Property and Equipment, net	<u>184,198</u>
Total assets	<u><u>\$ 284,816</u></u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	\$ 24,207
Net Assets Without Donor Restrictions	<u>260,609</u>
	<u><u>\$ 284,816</u></u>

*See independent accountant's review report and accompanying notes to financial statements.*

## HIP HOP IS GREEN

### STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

Support and Revenue	
Government grants	\$ 329,660
Contributions	151,708
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Total support and revenue	481,368
Expenses	
Program services	112,983
Management and general	55,396
Fundraising	23,319
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Total expenses	191,698
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<b>Change in net assets</b>	<b>289,670</b>
Net Assets Without Donor Restrictions, beginning of year	(29,061)
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Net Assets Without Donor Restrictions, end of year	\$ 260,609
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*See independent accountant's review report and accompanying notes to financial statements.*

## HIP HOP IS GREEN

### STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional fees and contractors	\$ 36,645	\$ 20,080	\$ 23,319	\$ 80,044
Meetings and events	25,351	1,731	-	27,082
Internships	26,240	-	-	26,240
Salaries, benefits, and taxes	-	17,480	-	17,480
Automobile and maintenance	13,046	-	-	13,046
Occupancy	7,865	-	-	7,865
Office expenses	-	7,265	-	7,265
Information technology	-	4,154	-	4,154
Travel	2,872	-	-	2,872
Advertising and promotion	-	2,444	-	2,444
Insurance	-	1,436	-	1,436
Depreciation	964	-	-	964
Miscellaneous	-	806	-	806
Total expenses	<u>\$ 112,983</u>	<u>\$ 55,396</u>	<u>\$ 23,319</u>	<u>\$ 191,698</u>

*See independent accountant's review report and accompanying notes to financial statements.*

## HIP HOP IS GREEN

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ 289,670
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	964
Changes in operating assets and liabilities:	
Government grants receivable	(27,625)
Accounts payable	(20,506)
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Net cash flows from operating activities	242,503
Cash Flows from Investing Activity	
Purchase of property and equipment	(185,162)
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<b>Net change in cash and cash equivalents</b>	<b>57,341</b>
Cash and Cash Equivalents, beginning of the year	15,652
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Cash and Cash Equivalents, end of the year	<u><u>\$ 72,993</u></u>

*See independent accountant's review report and accompanying notes to financial statements.*

# HIP HOP IS GREEN

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization*

Founded in 2018, Hip Hop is Green's (the Organization) vision is to be the world's resource for everything Hip Hop and green through empowering people to lead healthy lives. The Organization is a pioneering movement led by a team of artists and performers that use the power and influence of Hip Hop to speak to youth and spark positive changes in their lives. Programs are directed towards underserved, low-income urban youth and their families in areas of wellness through creative media and live events.

In 2021, the Organization began Cherry Street Farm, a 5,000 sq/ft residential lot converted to a farm promoting plant-based, culturally relevant eating and teaching black, indigenous, and other youth of color ages 12 to 24 traditional and innovative hydroponic farming methods.

In addition, in 2021, the Organization formed a 10-week internship called The Youth Excellence Program, which provides climate change curriculum to black, indigenous, and other youth of color through active discourse, documentary film screenings, field trips, and panel discussions.

#### *Fiscal Sponsorship*

Through January 2021, the Organization was fiscally sponsored by Northwest Animal Rights Network (NARN). In February 2021, the Organization terminated its fiscal sponsorship with NARN and all outstanding obligations were settled.

#### *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.

#### *Financial Statement Presentation*

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. There are no net assets with donor restrictions, and therefore, this classification of net assets is not presented.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on deposit with banks.

#### *Government Grants Receivable*

Government grants receivable are expected to be collected in one year and are recorded at net realizable value. Management considers an allowance for uncollectible accounts based on periodic evaluation of the Organization's past loss experience, and analysis of specific amounts due. Management determined that no allowance against government grants receivable was necessary at December 31, 2021. At December 31, 2021, all outstanding government grants receivable are due from one government agency.

# HIP HOP IS GREEN

## NOTES TO FINANCIAL STATEMENTS

### *Property and Equipment*

Property and equipment are stated at cost, except for donated items that are stated at their fair market value at the date of the gift. The Organization capitalizes all items over \$2,500 with an estimated useful life greater than one year. Depreciation is recognized using the straight-line method over the estimated useful lives of the greenery and land improvements (20 years).

Property and equipment consist of the following at December 31, 2021:

Greenery and land improvements (Cherry Street Farm)	\$	185,162
Accumulated depreciation		<u>(964)</u>
	\$	<u><u>184,198</u></u>

### *Revenue Recognition*

Contributions and grants (including those from government agencies) are recorded when unconditionally pledged as without donor restrictions and with donor restrictions, depending on the existence and nature of any donor restrictions. Conditional promises to give, that is, those with a measurable performance or barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions and grants from one donor and two government agencies represented 88% of total support and revenue for the year ended December 31, 2021.

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain expenses are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include professional fees and contractors and meetings and events, which are allocated on the basis of estimates of time and effort.

### *Income Taxes*

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, no provision has been made for federal income tax in the accompanying financial statements.

### *Subsequent Events*

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was December 6, 2022.

# HIP HOP IS GREEN

## NOTES TO FINANCIAL STATEMENTS

### Note 2 – Liquidity and Availability of Resources

The Organization maintains liquid financial assets, in the form of cash and cash equivalents, sufficient to cover at least one year of general expenditures. Financial assets available for general expenditure within the next year consist of cash and cash equivalents of \$72,993 and government grants receivable of \$27,625 at December 31, 2021.

### Note 3 – Operating Lease

The Organization has an operating lease agreement for farmland through July 2026. Lease expense (excluding other non-lease expenses) under this lease for the year ended December 31, 2021, was \$1,500.

Future minimum lease payments are as follows for the years ending December 31:

2022	\$	3,600
2023		3,600
2024		3,600
2025		3,600
2026		2,100
		<hr/>
	\$	<u>16,500</u>