

Citizens' Environmental Coalition Education Fund
Financial Statements
For the Year Ended December 31, 2015

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October 24, 2016

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of the
Citizens' Environmental Coalition Education Fund
Houston, Texas

We have reviewed the accompanying financial statements of Citizens' Environmental Coalition Education Fund (a non-profit organization), which comprise the statement of financial position as of December 31, 2015 and the related statements of activity, 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 the organization's 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 taken 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 the 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 American Institute of Certified Public Accountants. 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.

October 24, 2016
Independent Accountant's Review Report (continued)

Accountant's Conclusion

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

Hajonhy Jones & Co. P.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	<u>2015</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 9,382
Accounts Receivable	6,100
Unconditional promises to give	<u>20,000</u>
Total current assets	35,482
Property and equipment, net	15,008
Unconditional promises to give	20,000
Deposits	<u>600</u>
TOTAL ASSETS	<u><u>\$ 71,090</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 1,690
Payroll liability	<u>476</u>
Total current liabilities	2,166
Net assets	
Unrestricted	23,924
Temporarily restricted	<u>45,000</u>
Total net assets	<u>68,924</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 71,090</u></u>

The accompanying notes and independent accountants' review report are an integral part of these financial statements.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions and grants	\$ 57,979	\$ 45,000	\$ 102,979
Membership dues	12,365	-	12,365
In-kind contributions	20,943	-	20,943
Special Events Income	5,285	-	5,285
Other Income	400	-	400
Total support and revenue	<u>96,972</u>	<u>45,000</u>	<u>141,972</u>
Net assets released from restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>-</u>
Total support and revenue	111,972	30,000	141,972
Expenses			
Program services			
In-kind expenses	20,943	-	20,943
Fundraising	2,090	-	2,090
Education and community awareness	65,932	-	65,932
Total program services	<u>88,965</u>	<u>-</u>	<u>88,965</u>
Supporting services			
Administrative	24,007	-	24,007
Total supporting services	<u>24,007</u>	<u>-</u>	<u>24,007</u>
Total expenses	<u>112,972</u>	<u>-</u>	<u>112,972</u>
Change in net assets	(1,000)	30,000	29,000
Net assets, beginning of year	<u>24,924</u>	<u>15,000</u>	<u>39,924</u>
NET ASSETS, END OF YEAR	<u>\$ 23,924</u>	<u>\$ 45,000</u>	<u>\$ 68,924</u>

The accompanying notes and independent accountants' review report are an integral part of these financial statements.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services	Total
Salaries and related expenses			
Salaries and related taxes	\$ 30,110	\$ 10,037	\$ 40,146
Total salaries and related expenses	30,110	10,037	40,146
Operating expenses			
Professional fees	6,382	5,683	12,065
Travel	-	254	254
Insurance	-	1,436	1,436
Special event costs	1,806	-	1,806
Fundraising fees	2,090	-	2,090
Printing and reproduction	6,979	361	7,340
Office and postage	1,934	1,431	3,365
Dues, subscriptions and books	-	855	855
Telephone and communication	2,339	647	2,986
Rent and utilities	8,221	1,800	10,021
In-kind Expenses	20,943	-	20,943
Bad Debt	1,000	-	1,000
Depreciation	4,511	1,504	6,015
Other program expenses	2,650	-	2,650
Total operating expenses	58,856	13,970	72,826
TOTAL EXPENSES	\$ 88,965	\$ 24,007	\$ 112,972

The accompanying notes and independent accountants' review report are an integral part of these financial statements.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>
Cash flows from operating activities	
Change in net assets	\$ 29,000
Adjustments to reconcile change in net assets from operating activities:	
Depreciation	6,015
Noncash donation of property and equipment	-
Changes in operating assets and liabilities:	
Grants and pledges receivable	(43,850)
Accounts payable	1,292
Payroll liabilities	<u>(556)</u>
Net cash from operating activities	(8,099)
Net change in cash and cash equivalents	(8,099)
Cash and cash equivalents – beginning of year	<u>17,481</u>
Cash and cash equivalents – end of year	<u><u>\$ 9,382</u></u>

The accompanying notes and independent accountants' review report are an integral part of these financial statements.

NOTE 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Citizens' Environmental Coalition Education Fund (CEC or the "Organization") is a nonprofit organization established in 1971 whose purpose is to serve as an information clearinghouse that provides education, training and information to a coalition of nonprofit organizations whose activities impact the environment and quality of life in the Houston Gulf Coast region. The Organization has been established under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on other than unrelated business income.

Financial Statement Presentation – The 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). The Organization presents their financial statements under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 958, Subtopic 205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under ASC Topic No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

- **Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions.
- **Temporarily Restricted Net Assets** – Net assets subject to donor-imposed or grantor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the Organization.
- **Permanently Restricted Net Assets** – Net assets subject to donor-imposed restrictions specifying that the net assets be maintained permanently on behalf of the Organization. The Organization had no permanently restricted assets at December 31, 2015.

Cash and Cash Equivalents – For the purpose of the statements of cash flows, the Organization considers highly liquid investments and certificates of deposit purchased with an original maturity of three months or less to be cash equivalents. In monitoring credit risk associated with uninsured deposits, the Organization evaluates the stability of its correspondent financial institutions.

Furniture, Fixtures and Equipment – Furniture and equipment are stated at cost, net of accumulated depreciation. Donations of property and equipment are recorded at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to seven years and is allocated among program and support expenses in the statements of activities.

Contributions, Grants and Promises to give – The organization accounts for contributions, grants and pledges as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. 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 unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released from restrictions and reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Management is of the opinion that all promises to give will be received, therefore, no provision for uncollectible promises to give has been provided for.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

In-kind Contributions – Donated assets are recorded at their estimated fair value at the date of donation. Donated services are not reflected in the financial statements unless a consistent, objective basis can be established for measuring fair value.

For 2015, the Organization received \$20,943 worth of software and services that were used and expensed.

The Organization received \$2,938 of in-kind contributions of services from work-study programs for local college students who worked on various projects for the organization, which are not reflected in the financial statements.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund raising campaigns. The Organization started tracking volunteer hours in mid-2015, which amounted to over 458 hours of volunteer time. No amounts have been reflected in the financial statements for these donated services as there is no objective basis to measure the value of such services and the services do not require specialized skills.

Functional Allocation of Expenses – The costs of providing various programs and supporting services have been summarized on a functional basis. Expenses are charged to each program based on direct expenditures incurred. Certain functional expenses which cannot be readily related to a specific program are allocated to the various programs based upon hours worked, square footage, number of program staff or other reasonable method for allocating the Organization's multiple function expenditures. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – FASB ASC Topic No. 740, *Accounting for Income Taxes*, prescribes accounting for and disclosure of uncertainty in tax positions. This interpretation defines the criteria that must be met for the benefits of a tax position to be recognized in the financial statements and the measurement of tax benefits recognized. For 2015, the Organization did not record any liabilities for uncertain tax positions, and did not recognize any interest or penalty expense related to uncertain tax positions or income taxes. The Organization does not expect the amounts of unrecognized tax benefits to significantly increase or decrease within the next 12 months.

Fair Value Measurements – FASB ASC Topic No. 820, *Fair Value*, prescribes accounting for and disclosure of assets and liabilities to be measured at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level fair value hierarchy is required to prioritize the inputs used to measure fair value. The three levels of the fair value hierarchy are described as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

At December 31, 2015, the Company had no assets or liabilities recorded at fair value on a recurring or nonrecurring basis.

Recent Accounting Pronouncements – The Organization has implemented all new accounting pronouncements and does not believe that there are any other new accounting pronouncements that have been issued that may have a material impact on its financial statements.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

The Organization received contributions which were restricted for certain capital projects and specific programs. The restrictions are donor imposed purpose restrictions.

The Organization had \$45,000 of temporarily restricted net assets at December 31, 2015. \$40,000 of this amount is comprised of funds from a multi-year grant, to be received in 2016 & 2017, and the remaining \$5,000 was restricted for the 2016 Film Festival.

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash. The Organization maintains its cash balances in financial institutions, which at times exceeds the amount insured by the Federal Deposit Insurance Corporation. Management periodically assesses the financial condition of the financial institutions and believes that any possible credit risk is minimal.

NOTE 4 – LEASES

The Organization leases property for its office facilities on a month to month basis. The rent expense for the year ended December 31, 2015 was \$7,200.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2015:

Furniture and equipment	\$20,000
Software	6,046
Less accumulated depreciation	<u>(11,038)</u>
Total property and equipment, net	<u>\$15,008</u>

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 – FINANCIAL CONDITION

As shown in the accompanying financial statements, the Organization has incurred deficits in its changes in unrestricted net assets and cash flows for 2015. The Organization projects that it will have sufficient resources and cash to withstand the current economic downturn and is responding to the challenges by increasing its focus to obtain adequate funding through additional foundations and corporations, small businesses, professional associations, and other individuals. In addition, management also plans to improve special event income and to continue to closely monitor and reduce operating costs.

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluates subsequent events in accordance with FASB ASC Topic No. 855, *Subsequent Events*. The guidance requires an entity to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 24, 2016, the date the financial statements were available to be issued.