

Citizens' Environmental Coalition Education Fund
Financial Statements
For the Year Ended December 31, 2014

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January 22, 2015

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statement of financial position of Citizens' Environmental Coalition Education Fund (a nonprofit organization) as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe the results of our procedures provide a reasonable basis for our report.

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

Hajovsky, Jones & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

ASSETS

Current assets

Cash and cash equivalents \$ 17,420

Accounts Receivable 2,250

Total current assets 19,670

Property and equipment, net 21,023

Deposits 600

TOTAL ASSETS \$ 41,293

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable 398

Payroll liability 1,032

Total current liabilities 1,430

Net assets

Unrestricted 24,863

Temporarily restricted 15,000

Total net assets 39,863

TOTAL LIABILITIES AND NET ASSETS \$ 41,293

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, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Contributions and grants	\$ 38,905	\$ 19,750	\$ 58,655
Membership dues	11,200	-	11,200
In-kind contributions	<u>48,842</u>	<u>-</u>	<u>48,842</u>
Total support and revenue	98,947	19,750	118,697
Net assets released from restrictions	<u>15,892</u>	<u>(15,892)</u>	<u>-</u>
Total support and revenue	114,839	3,858	118,697
Expenses			
Program services			
Education and community awareness	<u>97,577</u>	<u>-</u>	<u>97,577</u>
Total program services	97,577	-	97,577
Supporting services			
Fundraising	6,631	-	6,631
Administrative	<u>21,387</u>	<u>-</u>	<u>21,387</u>
Total supporting services	28,018	-	28,018
Total expenses	<u>125,595</u>	<u>-</u>	<u>125,595</u>
Change in net assets	(10,756)	3,858	(6,898)
Net assets, beginning of year	<u>35,619</u>	<u>11,142</u>	<u>46,761</u>
NET ASSETS, END OF YEAR	<u>\$ 24,863</u>	<u>\$ 15,000</u>	<u>\$ 39,863</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, 2014

	Program Services	Supporting Services	Total
	<u> </u>	<u> </u>	<u> </u>
Salaries and related expenses			
Salaries and related taxes	\$ 61,946	\$ 2,455	\$ 64,401
Total salaries and related expenses	<u>61,946</u>	<u>2,455</u>	<u>64,401</u>
Operating expenses			
Professional fees	2,007	12,959	14,967
Travel	472	196	668
Insurance	-	1,409	1,409
Special event costs	2,213	-	2,213
Fundraising fees	-	2,684	2,684
Printing and reproduction	11,208	-	11,208
Office and postage	7,687	6,286	13,973
Dues, subscriptions and books	550	-	550
Telephone and communication	2,262	-	2,262
Rent and utilities	4,571	2,030	6,600
Other program expenses	4,661	-	4,661
Total operating expenses	<u>35,631</u>	<u>25,563</u>	<u>61,195</u>
TOTAL EXPENSES	<u>\$ 97,577</u>	<u>\$ 28,018</u>	<u>\$ 125,595</u>

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, 2014

Cash flows from operating activities	
Change in net assets	\$ (6,898)
Adjustments to reconcile change in net assets from operating activities:	
Depreciation	4,015
Noncash donation of property and equipment	(20,000)
Changes in operating assets and liabilities:	
Grants and pledges receivable	(2,250)
Accounts payable	398
Payroll liabilities	32
Net cash from operating activities	<u>(24,703)</u>
Net change in cash and cash equivalents	(24,703)
Cash and cash equivalents – beginning of year	<u>42,123</u>
Cash and cash equivalents – end of year	<u>\$ 17,420</u>
Supplemental disclosures	
Noncash investing and financing	
Contribution of property and equipment	\$ 20,000

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, 2014.

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 Pledges – 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.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 2014, in-kind contributions included \$20,000 for furniture and equipment which was capitalized in property and equipment and is being depreciated. Also received in 2014 was \$28,842 of various in-kind contributions of services and materials that were expensed, including \$9,773 for the services of college students who worked on various projects for the organization as part of a work-study program and \$15,000 for software that was used by the organization.

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund raising campaigns. 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 2014, 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.

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.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

At December 31, 2014, 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 \$15,000 of temporarily restricted net assets at December 31, 2014. Temporarily restricted net assets which were not released from restrictions as of December 31, 2014 are comprised of funds with purpose restrictions for an upgrade to the Organization's website. The Organization received \$19,750 of restricted contributions during 2014.

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 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2014:

Furniture and equipment	\$ 20,000
Software	6,046
Less: accumulated depreciation	<u>(5,023)</u>
Total property and equipment, net	<u>\$ 21,023</u>

Depreciation expense totaled \$4,015 for the year ended December 31, 2014.

NOTE 5 – LEASES

The Organization leases property for its office facilities under a one year operating lease that expired on September 20, 2014. After expiration, the lease automatically renews on a month to month basis. The rent expense for the year ended December 31, 2014 was \$7,200.

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 2014. 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 January 22, 2014, the date the financial statements were available to be issued.