

Citizens' Environmental Coalition Education Fund
Financial Statements
For the Year Ended December 31, 2016

CONTENTS

	Page
Independent Accountants' Review Report.....	1-2
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7-10

HAJOVSKY, JONES & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
14614 FALLING CREEK, SUITE 105
HOUSTON, TEXAS 77068
(281) 440-0142
FAX (281) 440-9409

MICHAEL J. HAJOVSKY, C.P.A.
RICHARD A. JONES, C.P.A.

MEMBERS
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

October 30, 2017

INDEPENDENT ACCOUNTANTS' 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, 2016 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 consolidated 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 30, 2017

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.

Hajovsky, Jones & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

	<u>2016</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 18,083
Other Current Assets	-
Accounts Receivable	3,000
Unconditional promises to give	<u>20,000</u>
Total current assets	41,083
Property and equipment, net	15,392
Deposits	<u>600</u>
TOTAL ASSETS	<u>\$ 57,075</u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 2,800
Payroll liability	<u>3,597</u>
Total current liabilities	6,397
Net assets	
Unrestricted	25,178
Temporarily restricted	<u>25,500</u>
Total net assets	<u>50,678</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 57,075</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, 2016

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions and grants	\$ 40,339	\$ 5,500	\$ 45,839
Membership dues	18,850	-	18,850
In-kind contributions	32,907	-	32,907
Special Events Income	10,115	-	10,115
Other Income	875	-	875
Total support and revenue	<u>103,086</u>	<u>5,500</u>	<u>108,586</u>
Net assets released from restrictions	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total support and revenue	128,086	(19,500)	108,586
Expenses			
Program services			
In-kind expenses	25,900	-	25,900
Fees	3,569	-	3,569
Education and community awareness	60,053	-	60,053
Total program services	<u>89,522</u>	<u>-</u>	<u>89,522</u>
Supporting services			
Administrative	<u>37,595</u>	<u>-</u>	<u>37,595</u>
Total supporting services	37,595	-	37,595
Total expenses	<u>127,117</u>	<u>-</u>	<u>127,117</u>
Change in net assets	969	(19,500)	(18,531)
Net assets, beginning of year	<u>24,209</u>	<u>45,000</u>	<u>69,209</u>
NET ASSETS, END OF YEAR	<u>\$ 25,178</u>	<u>\$ 25,500</u>	<u>\$ 50,678</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, 2016

	Program Services	Supporting Services	Total
	<u> </u>	<u> </u>	<u> </u>
Salaries and related expenses			
Salaries and related taxes	\$ 37,688	\$ 17,278	\$ 54,966
Total salaries and related expenses	<u>37,688</u>	<u>17,278</u>	<u>54,966</u>
Operating expenses			
Professional fees	2,665	3,214	5,879
Travel	69	15	84
Insurance	-	1,434	1,434
Special event costs	1,323	-	1,323
Program Fees	3,569	-	3,569
Printing and reproduction	1,611	411	2,022
Office and postage	900	932	1,832
Dues, subscriptions and books	78	1,006	1,084
Telephone and communication	2,926	1,060	3,986
Rent and utilities	8,036	2,263	10,299
In-kind Expenses	25,900	-	25,900
Bad Debt	-	7,800	7,800
Depreciation	4,758	2,181	6,939
Total operating expenses	<u>51,834</u>	<u>20,317</u>	<u>72,151</u>
TOTAL EXPENSES	<u>\$ 89,522</u>	<u>\$ 37,595</u>	<u>\$ 127,117</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, 2016

	<u>2016</u>
Cash flows from operating activities	
Change in net assets	\$ (18,531)
Adjustments to reconcile change in net assets from operating activities:	
Depreciation	6,939
Noncash donation of property and equipment	(7,038)
Changes in operating assets and liabilities:	
Grants and pledges receivable	23,100
Prepaid expenses	-
Other receivables	-
Accounts payable	1,110
Payroll liabilities	<u>3,121</u>
Net cash from operating activities	8,701
 Cash flows from investing activities	
Net cash from investing activities	<u>-</u>
 Net change in cash and cash equivalents	8,701
 Cash and cash equivalents – beginning of year	<u>9,382</u>
 Cash and cash equivalents – end of year	<u>\$ 18,083</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. Sources of revenue for the Organization’s services are almost entirely from grants, donations, member dues and special events.

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.

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 2016, the Organization received \$25,900 worth of software and web-ads services that were used and expensed.

The Organization received \$5,516 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 tracked volunteer hours in 2016 which amounted to over 487 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, 2016

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 \$25,500 of temporarily restricted net assets at December 31, 2016. \$20,000 of this amount is comprised of funds from a multi-year grant, to be received in 2017, and the remaining \$5,500 was restricted for the 2017 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, 2016 was \$7,200.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2016:

Furniture and equipment	\$24,959
Software	8,410
Less accumulated depreciation	<u>(17,977)</u>
Total property and equipment, net	<u>\$15,392</u>

Of the total PP&E above only ~\$815 was purchased while the rest was donated.

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 2016. 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 30, 2017, the date the financial statements were available to be issued.