

Citizens' Environmental Coalition Education Fund
Financial Statements
For the Years Ended December 31, 2021 and 2020

CONTENTS

	Page
Independent Accountants' Review Report.....	1-2
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5
Statements 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

July 12, 2022

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 statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years 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.

July 12, 2022

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
STATEMENTS OF FINANCIAL POSITION

	For the Years Ended December 31,	
	2021	2020
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 134,557	\$ 86,638
Restricted Cash	12,374	22,765
Pledges & Grant Receivable	18,803	110,750
Accrued Revenue	9,878	-
Prepaid Expenses	318	1,068
Total Current Assets	<u>175,930</u>	<u>221,221</u>
Property & Equipment, net	3,750	5,454
Deposits	<u>600</u>	<u>600</u>
TOTAL ASSETS	<u><u>\$ 180,280</u></u>	<u><u>\$ 227,275</u></u>
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 20,204	\$ 20,522
Accrued Expenses	8,027	3,085
Note Payable - PPP Loan		19,816
Total Current Liabilities	<u>28,231</u>	<u>43,423</u>
Net Assets		
Without Donor Restrictions	139,675	69,082
With Donor Restrictions	<u>12,374</u>	<u>114,770</u>
Total Net Assets	<u>152,049</u>	<u>183,852</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 180,280</u></u>	<u><u>\$ 227,275</u></u>

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

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENTS OF ACTIVITIES

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support & Revenue						
Direct Public Support & Contributions	\$ 86,644	\$ 36,055	\$ 122,700	\$ 81,067	\$ 21,715	\$ 102,782
In-Kind Goods & Services	26,964	-	26,964	54,802	-	54,802
Indirect Public Support	14,428	-	14,428	-	-	-
Membership Dues	9,988	-	9,988	8,700	-	8,700
Program Revenue	15,743	-	15,743	-	-	-
Other Income	110	-	110	9,423	-	9,423
Net Assets Released from Restrictions	138,452	(138,452)	-	102,336	(102,336)	-
Total Support & Revenue	\$ 292,329	\$ (102,396)	\$ 189,932	\$ 256,328	\$ (80,621)	\$ 175,707
Expenses						
Program Services						
Program Fees	19,190	-	19,190	21,870	-	21,870
Education & Community Awareness	140,377	-	140,377	194,785	-	194,785
Total Program Service Expenses	159,567	-	159,567	216,655	-	216,655
Support Services						
Administrative & General Fundraising	54,962	-	54,962	43,599	-	43,599
	7,207	-	7,207	-	-	-
Total Support Services	62,169	-	62,169	43,599	-	43,599
Total Expenses	\$ 221,736	\$ -	\$ 221,736	\$ 260,254	\$ -	\$ 260,254
Change in Net Assets	\$ 70,593	\$ (102,396)	\$ (31,804)	\$ (3,926)	\$ (80,621)	\$ (84,547)
Net Assets, Beginning of Period	69,082	114,770	183,852	73,008	195,391	268,399
NET ASSETS, END OF PERIOD	\$ 139,675	\$ 12,374	\$ 152,049	\$ 69,082	\$ 114,770	\$ 183,852

The accompanying notes and 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, 2021			
	Program Services	Fundraising Services	Administrative & General	Total
Salaries & Related Expenses				
Salaries & Related Expenses	\$ 77,890	\$ 2,659	\$ 15,554	\$ 96,103
Total Salaries & Related Expenses	77,890	2,659	15,554	96,103
Operating Expenses				
Program Supplies & Materials	3,058	-	-	3,058
Program Fees	19,190	2,726	-	21,917
Professional Fees & Contract Labor	18,661	-	25,456	44,117
Software & Website	22,475	878	4,822	28,175
Other Program Expenses	2,320	-	-	2,320
Insurance	471	-	1,535	2,006
Telephone & Communication	2,709	122	672	3,503
Rent & Utilities	9,744	440	2,416	12,600
Bank & Merchant Fees	222	279	172	673
Office Supplies, Printing, Postage	1,526	57	2,548	4,130
Depreciation	1,056	48	262	1,366
Other Operating Expenses	244	-	1,525	1,769
Total Operating Expenses	81,677	4,548	39,408	125,633
Total Expenses	\$ 159,567	\$ 7,207	\$ 54,962	\$ 221,736

	For the Year Ended December 31, 2020			
	Program Services	Fundraising Services	Administrative & General	Total
Salaries & Related Expenses				
Salaries & Related Expenses	\$ 119,704	\$ -	\$ 16,772	\$ 136,476
Total Salaries & Related Expenses	119,704	-	16,772	136,476
Operating Expenses				
Program Fees	21,870	-	2,573	24,443
Professional Fees & Contract Labor	15,269	-	7,751	23,020
Travel	326	-	405	731
Special Event Costs	4,948	-	-	4,948
Insurance	-	-	1,479	1,479
Telephone & Communication	20,976	-	4,883	25,859
Rent & Utilities	10,321	-	2,529	12,850
In-kind expenses	21,063	-	5,186	26,249
Office Supplies, Printing, Postage	1,281	-	756	2,037
Depreciation	784	-	197	981
Other Operating Expenses	113	-	1,068	1,181
Total Operating Expenses	96,951	-	26,827	123,778
Total Expenses	\$ 216,655	\$ -	\$ 43,599	\$ 260,254

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

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2021

	For the Years Ended December 31,	
	2021	2020
Cash flows from Operating Activities		
Change in Net Assets	\$ (31,804)	\$ (84,547)
Adjustments to Reconcile Change in Net Assets from Operating Activities:		
Depreciation	1,366	981
Noncash Donation of Property and Equipment	-	(5,000)
Adjustment of Property and Equipment	338	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts, Grants and Pledges Receivable	91,947	28,700
(Increase) Decrease in Accrued Revenue	(9,878)	-
(Increase) Decrease in Prepaid Expenses	751	856
Increase (Decrease) in Accounts Payable	(318)	14,643
Increase (Decrease) in Accrued Expenses	4,942	(2,583)
Net Cash from Operating Activities	<u>57,344</u>	<u>(46,950)</u>
 Cash flows from Financing Activities		
PPP Loan Proceeds (Forgiveness)	<u>(19,816)</u>	<u>19,816</u>
Net cash from Financing Activities	(19,816)	19,816
 Net Change in Cash and Cash Equivalents	\$ 37,528	\$ (27,134)
Cash and Cash Equivalents – Beginning of Period	<u>109,403</u>	<u>136,537</u>
 Cash and Cash Equivalents – End of Period	<u>\$ 146,931</u>	<u>\$ 109,403</u>

The accompanying notes and 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 primarily from grants, donations and member dues.

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, as changed by Accounting Standards Update (ASU) 2016-4. Under ASU 2016-4, the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions.
- **Net Assets With Donor Restrictions** – 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.

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 net assets without donor restrictions and net assets with donor restrictions, 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 net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are released from restrictions and reclassified to net assets without donor restrictions 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, 2021

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 2021, the Organization received as a donation \$25,144 of software and \$200 in hospitality that were used and expensed. An additional donation of \$1,620 was received in computer equipment and furniture that was expensed as office supplies. Revenue in the amount of \$26,964 was recognized for these donations.

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 2021, 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 or liability uncertain tax positions 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, 2021

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, 2021 and 2020, 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 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization received contributions which were restricted for certain specific programs. The restrictions are donor imposed purpose restrictions and are as follows as of December 31, 2021:

\$12,374 for implementation of environmental education programs

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 an annual lease. The rent expense for the years ended December 31, 2021 and 2020 was \$12,600 in each year.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$24,156	\$24,494
Software	14,213	14,213
Less accumulated depreciation	<u>(34,619)</u>	<u>(33,253)</u>
Total property and equipment, net	<u>\$ 3,750</u>	<u>\$ 5,454</u>

Of the total PP&E above only \$815 was purchased while the rest was donated. Equipment and furniture in the amount of \$1,620 was donated in 2021 and \$5,000 was donated in 2020.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	\$165,734
Less those unavailable for general expenditures within one year:	
Donor restricted for implementation of environmental education programs	<u>(12,374)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$153,360</u>

NOTE 7 – NOTE PAYABLE – PPP LOAN

The Organization obtained two SBA loans under the Paycheck Protection Program (PPP) in the amounts of \$19,816 and \$26,305 for the years 2020 and 2021, respectively. The loans enabled the Organization to maintain its staff and pay some overhead expenses during the global pandemic. The Organization has been advised in 2021 that the SBA has forgiven the entire loan amount of both loans, based on the fact the funds have been expended in accordance with the loan program and the Organization has met all requirements for forgiveness. The amounts will be reflected in support and revenue for 2021.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 12, 2022, which is the date that the financial statements were available for issuance.

The results of the continued spread of the COVID-19 coronavirus have given rise to economic uncertainties which may negatively affect the financial position, results of operations and cash flows of the CEC and its donor base.