

Citizens' Environmental Coalition Education Fund
Financial Statements
For the Years Ended December 31, 2022 and 2021

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November 27, 2023

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of the
Citizens' Environmental Coalition Education Fund (a non-profit organization)
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, 2022 and 2021 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 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.

We are required to be independent of Citizens' Environmental Coalition Education Fund and to meet 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 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**

	<u>For the Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash & Cash Equivalents	\$ 31,878	\$ 134,557
Restricted Cash	-	12,374
Pledges & Grants Receivable	20,150	18,803
Accrued Revenue	-	9,878
Prepaid Expenses	<u>2,878</u>	<u>318</u>
Total Current Assets	54,906	175,930
Property & Equipment, net	2,750	3,750
Deposits	<u>600</u>	<u>600</u>
TOTAL ASSETS	<u>\$ 58,256</u>	<u>\$ 180,280</u>
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 6,873	\$ 20,204
Accrued Expenses	<u>1,327</u>	<u>8,027</u>
Total Current Liabilities	8,200	28,231
Net Assets		
Without Donor Restrictions	50,056	139,675
With Donor Restrictions	<u>-</u>	<u>12,374</u>
Total Net Assets	<u>50,056</u>	<u>152,049</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 58,256</u>	<u>\$ 180,280</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, 2022			For the Year Ended December 31, 2021		
	Without			Without		
	Donor Restrictions	With Donor Restrictions	Total	Donor Restrictions	With Donor Restrictions	Total
Support & Revenue						
Direct Public Support & Contributions	\$ 32,004	\$ 121,661	\$ 153,665	\$ 86,644	\$ 36,055	\$ 122,700
In-Kind Goods & Services	13,484	-	13,484	26,964	-	26,964
Indirect Public Support	7,520	-	7,520	14,428	-	14,428
Membership Dues	8,640	-	8,640	9,988	-	9,988
Program Revenue	26,424	-	26,424	15,743	-	15,743
Other Income	2,980	-	2,980	110	-	110
Net Assets Released from Restrictions	134,035	(134,035)	-	138,452	(138,452)	-
Total Support & Revenue	\$ 225,086	\$ (12,374)	\$ 212,712	\$ 292,329	\$ (102,396)	\$ 189,932
Expenses						
Program Services						
Program Fees	82,444	-	82,444	19,190	-	19,190
Education & Community Awareness	123,707	-	123,707	140,377	-	140,377
Total Program Service Expenses	206,151	-	206,151	159,567	-	159,567
Support Services						
Administrative & General	92,754	-	92,754	54,962	-	54,962
Fundraising	15,800	-	15,800	7,207	-	7,207
Total Support Services	108,554	-	108,554	62,169	-	62,169
Total Expenses	\$ 314,705	\$ -	\$ 314,705	\$ 221,736	\$ -	\$ 221,736
Change in Net Assets	\$ (89,619)	\$ (12,374)	\$ (101,993)	\$ 70,593	\$ (102,396)	\$ (31,803)
Net Assets, Beginning of Year	139,675	12,374	152,049	69,082	114,770	183,852
Net Assets, End of Year	\$ 50,056	\$ -	\$ 50,056	\$ 139,675	\$ 12,374	\$ 152,049

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

**CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENTS OF FUNCTIONAL EXPENSES**

	For the Year Ended December 31, 2022			
	Program Services	Fundraising Services	Administrative & General	Total
Salaries & Related Expenses				
Salaries & Related Expenses	\$ 72,772	\$ 13,039	\$ 34,438	\$ 120,249
Total Salaries & Related Expenses	72,772	13,039	34,438	120,249
Operating Expenses				
Program Supplies & Materials	5,398	-	-	5,398
Program Fees	82,444	-	-	82,444
Professional Fees & Contract Labor	8,886	-	-	8,886
Software & Website	16,520	-	48,156	64,676
Other Program Expenses	4,059	604	1,936	6,599
Insurance	5,458	-	-	5,458
Telephone & Communication	-	-	1,989	1,989
Rent & Utilities	2,102	351	982	3,434
Bank & Merchant Fees	7,069	1,179	3,302	11,550
Office Supplies, Printing, Postage	506	524	726	1,756
Depreciation	-	-	(76)	(76)
Other Operating Expenses	612	102	286	1,000
Total Operating Expenses	326	-	1,015	1,341
Total Operating Expenses	133,379	2,761	58,316	194,456
Total Expenses	\$ 206,151	\$ 15,800	\$ 92,754	\$ 314,705

	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

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

**CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
STATEMENTS OF CASH FLOWS**

	<u>For the Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash flows from Operating Activities		
Change in Net Assets	\$ (101,993)	\$ (31,804)
Adjustments to Reconcile Change in Net Assets from Operating Activities:		
Depreciation	1,000	1,366
Changes in Operating Assets & Liabilities:		
(Increase) Decrease in Accounts, Grants & Pledges Receivable	(1,347)	91,947
(Increase) Decrease in Accrued Revenue	9,878	(9,878)
(Increase) Decrease in Prepaid Expenses	(2,560)	751
Increase (Decrease) in Accounts Payable	(13,331)	(318)
Increase (Decrease) in Accrued Expenses	<u>(6,700)</u>	<u>57,344</u>
Net Cash from Operating Activities	<u>(115,053)</u>	<u>57,344</u>
Net Change in Cash & Cash Equivalents	(115,053)	37,528
Cash & Cash Equivalents – Beginning of Period	<u>146,931</u>	<u>109,403</u>
Cash & Cash Equivalents – End of Year	<u>\$ 31,878</u>	<u>\$ 146,931</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.

Donated Services - 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.

Donated Nonfinancial Assets - In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The ASU requires nonprofits to present contributed nonfinancial assets as a separate line item in the statements of activity apart from contributions of cash or other financial assets along with expanded disclosure requirements. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU was effective for 2022 with restatement of prior periods required, if applicable.

For 2022, the Organization received as a donation \$5,760 of software and \$7,624 of storage space that were used and expensed. 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 2021 in computer equipment and furniture that was expensed as office supplies. The amounts were recorded at fair value. Revenue in the amount of \$13,384 and \$26,964 was recognized for these donations.

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 for 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, 2022

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, 2022 and 2021, 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.

Support and revenue received from one grantor made up 47% of total support and revenue for the year ended December 31, 2022. Grants receivable from the grantor was 73% of total grants receivable as of December 31, 2021.

NOTE 4 – LEASES

The Organization leases property for its office facilities on an annual lease. The rent expense for the years ended December 31, 2022 and 2021 was \$11,550 and \$12,600, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$24,156	\$24,156
Software	14,213	14,213
Less accumulated depreciation	<u>(35,619)</u>	<u>(34,619)</u>
Total property and equipment, net	<u>\$ 2,750</u>	<u>\$ 3,750</u>

Of the total property and equipment above only \$815 was purchased while the rest was donated. Equipment and furniture in the amount of \$1,620 was donated in 2021.

CITIZENS' ENVIRONMENTAL COALITION EDUCATION FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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	\$52,028	\$165,734
Less those unavailable for general expenditures within one year:		
Donor restricted for implementation of environmental education Programs	<u>-0-</u>	<u>12,374</u>)
Financial assets available to meet cash needs for general expenditure within one year	<u>\$52,028</u>	<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 were reflected in support and revenue for 2021.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 27, 2023, which is the date that the financial statements were available for issuance.