



BORISLOW, FACTOR & KAUFMANN, LLC

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*Certified Public Accountants*

*Blue Bell, Pennsylvania*

CLEAN AIR COUNCIL  
FINANCIAL STATEMENTS  
JUNE 30, 2009

CLEAN AIR COUNCIL

JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Clean Air Council  
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of the Clean Air Council (a non-profit organization) as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clean Air Council as of June 30, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Borislow, Factor & Kaufmann, LLC*

January 26, 2010

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STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CURRENT ASSETS:</b>			
Cash	\$ 88,414	\$ 58,617	\$ 147,031
Contracts Receivable	264,154	-	264,154
Grant and Other Receivables	-	10,000	10,000
Prepaid Expenses	<u>797</u>	<u>-</u>	<u>797</u>
 Total Current Assets	 <u>353,365</u>	 <u>68,617</u>	 <u>421,982</u>
 <b>PROPERTY AND EQUIPMENT-AT COST:</b>			
PROPERTY AND EQUIPMENT-AT COST:	67,849	-	67,849
Less: Accumulated Depreciation	<u>34,204</u>	<u>-</u>	<u>34,204</u>
	 <u>33,645</u>	 <u>-</u>	 <u>33,645</u>
 <b>OTHER ASSETS:</b>			
Investments-At Fair Market Value	1,064	-	1,064
Deposits	<u>3,508</u>	<u>-</u>	<u>3,508</u>
 Total Other Assets	 <u>4,572</u>	 <u>-</u>	 <u>4,572</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 391,582</u>	 <u>\$ 68,617</u>	 <u>\$ 460,199</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

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LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT LIABILITIES:			
Current Portion of Capital Lease Payable	\$ 7,872	\$ -	\$ 7,872
Accounts Payable	35,772	-	35,772
Accrued Salaries	25,528	-	25,528
Due to Other Entities	<u>5,318</u>	<u>-</u>	<u>5,318</u>
Total Current Liabilities	<u>74,490</u>	<u>-</u>	<u>74,490</u>
LONG-TERM DEBT			
Capital Lease Payable	27,089	-	27,089
Less: Current Maturities	<u>7,872</u>	<u>-</u>	<u>7,872</u>
	<u>19,217</u>	<u>-</u>	<u>19,217</u>
NET ASSETS:			
Unrestricted	297,875	-	297,875
Temporarily Restricted	<u>-</u>	<u>68,617</u>	<u>68,617</u>
Total Net Assets	<u>297,875</u>	<u>68,617</u>	<u>366,492</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 391,582</u>	<u>\$ 68,617</u>	<u>\$ 460,199</u>

CLEAN AIR COUNCIL

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STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contract Revenues	\$ 539,446	\$ -	\$ 539,446
Contributions	27,602	70,275	97,877
Memberships	318,822	-	318,822
Programs	4,433	-	4,433
Interest and Dividends	420	-	420
Unrealized Gain on Investments	613	-	613
Special Events, Net of Expenses of \$44,419	19,873	-	19,873
Net Assets Released from Restrictions- Satisfaction of Program Requirements	<u>93,741</u>	<u>(93,741)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>1,004,950</u>	<u>(23,466)</u>	<u>981,484</u>
EXPENSES:			
Program Services	723,031	-	723,031
Management and General	151,987	-	151,987
Fund Raising	<u>57,309</u>	<u>-</u>	<u>57,309</u>
TOTAL EXPENSES	<u>932,327</u>	<u>-</u>	<u>932,327</u>
CHANGE IN NET ASSETS	72,623	(23,466)	49,157
NET ASSETS - BEGINNING OF YEAR	<u>225,252</u>	<u>92,083</u>	<u>317,335</u>
NET ASSETS - END OF YEAR	<u>\$ 297,875</u>	<u>\$ 68,617</u>	<u>\$ 366,492</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

CLEAN AIR COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009

	Program Services				Supporting Activities			Total Expenses		
	Air Quality Education	Waste Reduction Education	Energy Education	Trans- portation Education	Indoor Air Quality Education	Total Program Activities	Management and General		Fund- Raising	Supporting Activities
Salaries	\$ 113,147	\$ 2,421	\$ 8,887	\$ 232,097	\$ 99,147	\$ 455,699	\$ 60,959	\$ 39,494	\$ 100,453	\$ 556,152
Payroll Taxes	11,330	242	890	23,241	9,928	45,631	6,104	3,954	10,058	55,689
Employee Benefits	6,741	144	529	13,828	5,907	27,149	3,632	2,353	5,985	33,134
<b>Total Salaries and Related Expenses</b>	<b>131,218</b>	<b>2,807</b>	<b>10,306</b>	<b>269,166</b>	<b>114,982</b>	<b>528,479</b>	<b>70,695</b>	<b>45,801</b>	<b>116,496</b>	<b>644,975</b>
Audit Fees	-	-	-	-	-	-	9,523	-	9,523	9,523
Consulting Fees	3,147	67	247	38,495	6,686	48,642	12,944	1,436	14,380	63,022
Equipment Rentals	835	18	66	1,714	3,830	6,463	450	291	741	7,204
Insurance Expense	1,621	35	127	3,325	1,420	6,528	873	565	1,438	7,966
Meals and Lodging	301	-	187	2,659	2,503	5,650	4,307	989	5,296	10,946
Office Expense	195	-	-	739	4,529	5,463	22,824	-	22,824	28,287
Office Rent	11,415	244	897	23,416	10,003	45,975	6,150	3,984	10,134	56,109
Postage	2,071	44	291	4,778	5,077	12,261	1,113	757	1,870	14,131
Printing	2,155	46	364	5,678	2,834	11,077	1,161	752	1,913	12,990
Promotion	1,213	6	1,857	13,733	1,281	18,090	139	332	471	18,561
Telephone	3,507	67	328	6,441	2,821	13,164	1,692	1,095	2,787	15,951
Travel	4,993	101	505	6,860	8,780	21,239	6,110	1,307	7,417	28,656
<b>Total Expenses Before Depreciation and Interest</b>	<b>162,671</b>	<b>3,435</b>	<b>15,175</b>	<b>377,004</b>	<b>164,746</b>	<b>723,031</b>	<b>137,981</b>	<b>57,309</b>	<b>195,290</b>	<b>918,321</b>
Depreciation	-	-	-	-	-	-	11,651	-	11,651	11,651
Interest Expense	-	-	-	-	-	-	2,355	-	2,355	2,355
<b>Total Expenses</b>	<b>\$ 162,671</b>	<b>\$ 3,435</b>	<b>\$ 15,175</b>	<b>\$ 377,004</b>	<b>\$ 164,746</b>	<b>\$ 723,031</b>	<b>\$ 151,987</b>	<b>\$ 57,309</b>	<b>\$ 209,296</b>	<b>\$ 932,327</b>

The Accompanying Notes Are an Integral Part of This Financial Statement

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CLEAN AIR COUNCIL  
STATEMENT OF CASH FLOWS

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YEAR ENDED JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 49,157
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	11,651
Realized/Unrealized Gain on Investments	(613)
Increase in Contracts Receivable	(94,496)
Decrease in Grant and Other Receivables	10,000
Decrease in Prepaid Expenses	1,115
Decrease in Deposits	249
Decrease in Accounts Payable	865
Increase in Accrued Salaries	5,367
Increase in Due To Other Entities	<u>1,775</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>(14,930)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments of Capital Lease Payable	<u>(7,489)</u>
 NET CASH USED BY FINANCING ACTIVITIES	 <u>(7,489)</u>
 NET DECREASE IN CASH	 (22,419)
 CASH - BEGINNING OF YEAR	 <u>169,450</u>
 CASH - END OF YEAR	 <u>\$ 147,031</u>

SUPPLEMENTARY DISCLOSURES OF CASH  
FLOW INFORMATION:

Interest Income Received	<u>\$ 420</u>
Interest Expense Paid	<u>\$ 2,355</u>

The Accompanying Notes Are an Integral Part of This Financial Statement



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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Nature of Operations

The Clean Air Council, formerly known as The Delaware Valley Citizens' Council for Clean Air, Inc., is a non-profit organization which was established under the laws of the Commonwealth of Pennsylvania in June, 1967. The Council was formed to inform and educate the public concerning the health, economic and aesthetic effects of air pollution and the technological and legal tools available for its control. The Clean Air Council promotes understanding of the role of government (national, state and local) in the control of air pollution, and to stimulate and support voluntary and official efforts to clean the air. The Council has offices in Philadelphia and Harrisburg in the Commonwealth of Pennsylvania.

Contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give, due in the next year, are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reflected as long-term promises to give and are recorded at their net realizable value.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Basis of Accounting

The financial statements are presented on the accrual basis of accounting.

D. Cash Equivalents

Cash equivalents include cash on hand and in banks. The Council also considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments

The Council carries investments in marketable securities with readily determinable fair values and all investments in debt securities are their fair market values at year end in the statements of financial position. Dividends and interest are recognized as income when earned. Realized gains and losses on investments are recognized upon the disposition of the securities. Unrealized gains and losses are included in the changes in net assets in the accompanying statements of activities and changes in net assets.

F. Contract and Grant Receivables

The Council records its contracts and grant receivables at their estimated net realizable value and regularly reviews the credit condition of its receivables.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Income Taxes

The Council is qualified as an exempt organization pursuant to Section 501c(3) of the Internal Revenue Code and is exempt from income taxes on its exempt income under Section 501(a) of the Code. In addition, the Council is exempt from Pennsylvania state income taxes.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

I. Depreciation

Property and equipment are recorded at cost. Assets are depreciated over their estimated useful lives ranging from five to ten years. Depreciation is computed using the straight-line method.

J. Functional Allocation of Expenses

The costs of providing the various educational programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

K. Restricted and Unrestricted Revenue

Federal awards and contract revenues received are recorded as increases in unrestricted and temporarily restricted net assets, depending on the existence and/or nature of any funding restrictions.

Funding which is restricted is reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished) in the reporting period in which the revenue is recognized. All other funding is reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

L. Volunteer Services

For the year ended June 30, 2009, many individuals volunteered their time and performed a variety of tasks that assisted the Council; these services either do not meet the criteria for recognition as volunteer services or the value of volunteer services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. 107 requires disclosures about the fair value for all financial instruments, whether or not recognized, for financial statement purposes. Disclosures about fair value of financial instruments are based on pertinent information available to management as of June 30, 2009. Accordingly, the estimates presented in these statements are not necessarily indicative of the amounts that could be realized on disposition of the financial instruments.

N. Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are to be held and used, an impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value.

If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. A review of such assets of the Council has not indicated any material effect on the Council's financial position or results of operations.

2. PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of June 30, 2009, are as follows:

Office Equipment	\$67,849
Less: Accumulated Depreciation	<u>34,204</u>
Property and Equipment, Net	<u>\$33,645</u>

Depreciation expense for the year ended June 30, 2009, was \$11,651.

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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. LINE OF CREDIT

The Council maintains a \$35,000 line of credit with a bank. The line of credit bears interest at the lender's prime rate plus 3% and is renewable every December. The outstanding balance at June 30, 2009, was \$0.

4. LONG-TERM DEBT

Long-term debt consists of the following:

Capital lease obligation for copiers. The asset and corresponding liability under the capital lease are recorded at the net present value of the lease amount.

Monthly payments of \$754, including imputed interest at 5% continue through September, 2012. Secured by the copiers.

\$27,089

Less: Current maturities

7,872

\$19,217

Maturities of the capital lease obligation are as follows:

Year Ending  
June 30,

2010 \$ 7,872

2011 8,275

2012 8,699

2013 2,243

\$27,089

5. COMMITMENTS

The Council leases its Philadelphia office space with monthly rental payments of \$4,109 through April, 2010. In addition, the Council leases office space on a month-to-month basis in Harrisburg, Pennsylvania for \$413 per month. Office rent expense for the year ended June 30, 2009, was \$56,109.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

5. COMMITMENTS (CONTINUED)

The following is a schedule of the future minimum lease payments under the leases:

Year Ending	
<u>June 30,</u>	
2010	<u>\$41,089</u>

In addition, the Council has several equipment leases with monthly payments ranging from \$24 to \$108 per month.

6. NON-CASH CONTRIBUTIONS

The Council received \$28,850 worth of promotion, printing and other expenses for a special event during the year ended June 30, 2009. The contribution revenue is shown net of expenses in special events on the statement of activities. Since the revenue is equal to the expenses, the net effect on the statement of activities is zero.

7. SPECIAL EVENTS

During the year ended June 30, 2009, the Council ran its annual 5K run to promote clean air. Revenues and the related expenses from these events are included below:

Gross revenues collected	\$ 64,292
Non-cash contributions	<u>28,850</u>
Total revenues	93,142
Expenses:	
Salaries	12,780
Payroll taxes	916
Consulting	4,678
Meals and lodging	4,370
Office	2,263
Postage	3,008
Printing	711
Promotion	43,386
Travel	<u>1,157</u>
Total expenses	<u>73,269</u>
Net special events revenue	<u>\$ 19,873</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. CONCENTRATION OF CREDIT RISK

Financial instruments representing concentration of credit risk consist principally of cash and receivables.

As of June 30, 2009, the Council had deposits in a financial institution in excess of the amount insured by agencies of the federal government in the amount of \$12,177. In evaluating credit risk, the Council periodically evaluates the stability of these financial institutions.

Open promises to give to the Clean Air Council are usually unsecured. At June 30, 2009, \$186,210 of the Council's contract and grant receivables were due from four organizations.


9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	\$18,617
	40,000
	<u>10,000</u>
	<u>\$68,617</u>

10. CONTRACT REVENUE

The Council received awards and contracts under the following programs:

Federal Awards:	
	\$ 40,000
	<u>43,493</u>
Total Federal Awards	83,493
Non-federal contracts	<u>455,953</u>
Total contract revenue	<u>\$539,446</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. PROFIT SHARING PLAN

The Council offered a Simple Individual Retirement Account (IRA) plan to all of its employees who are reasonably expected to earn at least \$5,000 during the year and who have earned at least \$5,000 from the Council during any two prior years. Employees who elect this option may make contributions to their Simple IRA during each pay period. A portion of, or all of these contributions may take the form of pre-tax deferrals as determined under federal tax laws. The Council matched these contributions dollar-for-dollar, up to 3% of each employee's compensation. All contributions under the Simple IRA plan and all earnings are fully vested and non-forfeitable. The Council terminated this plan effective December 31, 2008 and there were no contributions made during the year ended June 30, 2009.