



BORISLOW, FACTOR & KAUFMANN, LLC

Certified Public Accountants

Blue Bell, Pennsylvania

CLEAN AIR COUNCIL
FINANCIAL STATEMENTS
JUNE 30, 2011

CLEAN AIR COUNCIL

JUNE 30, 2011

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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, 2011, 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, 2011, 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

March 12, 2012

CLEAN AIR COUNCIL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 202,482	\$ 191,583	\$ 394,065
Grant and Contracts Receivable	239,950	110,000	349,950
Prepaid Expenses	<u>5,394</u>	<u>-</u>	<u>5,394</u>
 Total Current Assets	<u>447,826</u>	<u>301,583</u>	<u>749,409</u>
 PROPERTY AND EQUIPMENT-AT COST:	60,631	-	60,631
Less: Accumulated Depreciation	<u>29,775</u>	<u>-</u>	<u>29,775</u>
	<u>30,856</u>	<u>-</u>	<u>30,856</u>
 OTHER ASSETS:			
Investments-At Fair Market Value	6,962	-	6,962
Deposits	<u>3,508</u>	<u>-</u>	<u>3,508</u>
 Total Other Assets	<u>10,470</u>	<u>-</u>	<u>10,470</u>
 TOTAL ASSETS	<u>\$ 489,152</u>	<u>\$ 301,583</u>	<u>\$ 790,735</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	\$ 6,284	\$ -	\$ 6,284
Accounts Payable	34,625	-	34,625
Accrued Salaries	33,202	-	33,202
Deferred Revenue	25,000	-	25,000
Due to Other Entities	<u>7,053</u>	<u>-</u>	<u>7,053</u>
 Total Current Liabilities	 <u>106,164</u>	 <u>-</u>	 <u>106,164</u>
LONG-TERM DEBT			
Capital Lease Payable	29,241	-	29,241
Less: Current Maturities	<u>6,284</u>	<u>-</u>	<u>6,284</u>
	<u>22,957</u>	<u>-</u>	<u>22,957</u>
NET ASSETS:			
Unrestricted	360,031	-	360,031
Temporarily Restricted	<u>-</u>	<u>301,583</u>	<u>301,583</u>
 Total Net Assets	 <u>360,031</u>	 <u>301,583</u>	 <u>661,614</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 489,152</u>	 <u>\$ 301,583</u>	 <u>\$ 790,735</u>

CLEAN AIR COUNCIL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contract Revenues	\$ 412,284	\$ -	\$ 412,284
Contributions	110,658	301,583	412,241
Memberships	265,425	-	265,425
Rental Income	516	-	516
Interest and Dividends	5	-	5
Unrealized Gain on Investments	4,957	-	4,957
Special Events, Net of Expenses of \$76,960	50,348	-	50,348
Net Assets Released from Restrictions- Satisfaction of Program Requirements	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>884,193</u>	<u>261,583</u>	<u>1,145,776</u>
EXPENSES:			
Program Services	726,612	-	726,612
Management and General	135,114	-	135,114
Fund Raising	<u>91,531</u>	<u>-</u>	<u>91,531</u>
TOTAL EXPENSES	<u>953,257</u>	<u>-</u>	<u>953,257</u>
CHANGE IN NET ASSETS	(69,064)	261,583	192,519
NET ASSETS - BEGINNING OF YEAR	<u>429,095</u>	<u>40,000</u>	<u>469,095</u>
NET ASSETS - END OF YEAR	<u>\$ 360,031</u>	<u>\$ 301,583</u>	<u>\$ 661,614</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

CLEAN AIR COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011

	Program Services						Supporting Activities			Total	
	Air Quality Education	Waste Reduction Education	Energy Education	Trans- portation Education	Indoor Air Quality Education	Global Warming Education	Total Program Activities	Management and General	Fund- Raising		Supporting Activities
Salaries	\$ 134,501	\$ 24,200	\$ 6,191	\$ 204,621	\$ 57,679	\$ 56,013	\$ 483,205	\$ 67,639	\$ 62,582	\$ 130,221	\$ 613,426
Payroll Taxes	10,906	1,962	502	16,592	4,677	4,542	39,181	5,484	5,074	10,558	49,739
Employee Benefits	5,871	1,056	270	8,932	2,518	2,445	21,092	2,953	2,732	5,685	26,777
Total Salaries and Related Expenses	151,278	27,218	6,963	230,145	64,874	63,000	543,478	76,076	70,388	146,464	689,942
Audit Fees	-	-	-	-	-	-	-	8,848	-	8,848	8,848
Consulting Fees	3,811	1,193	355	6,356	1,634	1,687	15,036	4,912	4,373	9,285	24,321
Equipment Rentals	613	110	28	932	263	256	2,202	308	285	593	2,795
Insurance Expense	1,578	284	73	2,400	677	657	5,669	793	734	1,527	7,196
Legal Fees	1,658	-	6,925	-	-	-	8,583	550	-	550	9,133
Meals and Lodging	1,136	29	1,552	2,019	313	586	5,635	5,668	404	6,072	11,707
Office Expense	6,403	968	272	8,306	2,863	2,262	21,074	11,898	2,981	14,879	35,953
Office Rent	12,697	2,285	584	19,317	5,445	5,288	45,616	6,385	5,908	12,293	57,909
Postage	1,520	258	907	2,290	630	604	6,209	721	760	1,481	7,690
Printing	2,428	437	210	3,694	1,198	1,612	9,579	1,221	1,130	2,351	11,930
Promotion	4,609	224	5,947	17,327	575	341	29,023	153	1,214	1,367	30,390
Telephone	3,584	641	164	5,422	1,528	1,484	12,823	1,792	1,658	3,450	16,273
Travel	5,046	610	1,286	8,504	4,110	2,129	21,685	3,580	1,696	5,276	26,961
Total Expenses Before Depreciation and Interest	196,361	34,257	25,266	306,712	84,110	79,906	726,612	122,905	91,531	214,436	941,048
Depreciation	-	-	-	-	-	-	-	8,594	-	8,594	8,594
Interest Expense	-	-	-	-	-	-	-	3,615	-	3,615	3,615
Total Expenses	\$ 196,361	\$ 34,257	\$ 25,266	\$ 306,712	\$ 84,110	\$ 79,906	\$ 726,612	\$ 135,114	\$ 91,531	\$ 226,645	\$ 953,257

The Accompanying Notes Are an Integral Part of This Financial Statement

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CLEAN AIR COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2011

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 192,519
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	8,594
Realized/Unrealized Gain on Investments	(4,957)
Decrease (Increase) in:	
Grant and Contracts Receivable	16,775
Prepaid Expenses	(5,085)
Deposits	1,500
Increase in:	
Accounts Payable	18,214
Accrued Salaries	6,495
Deferred Revenue	25,000
Due To Other Entities	<u>27</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>259,082</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments of Capital Lease Payable	<u>(6,732)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(6,732)</u>
NET INCREASE IN CASH	252,350
CASH - BEGINNING OF YEAR	<u>141,715</u>
CASH - END OF YEAR	<u>\$ 394,065</u>
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION:	
Interest Income Received	<u>\$ 5</u>
Interest Expense Paid	<u>\$ 3,615</u>

SUPPLEMENTARY DISCLOSURES OF NON CASH INVESTING
AND FINANCING ACTIVITIES:

During the year ended June 30, 2011, the Council traded in equipment with a net book value of \$15,982 and a related capital lease obligation of \$17,866. The new equipment and related capital lease obligation was for \$34,621.

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, 2011

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 Accounting Standard Codification (ASC) No. 958, Not-for-Profit Organizations, formerly Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, 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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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2011

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 at their readily determinable 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 U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2011

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

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.

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.

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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2011

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

L. Volunteer Services

For the year ended June 30, 2011, 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.

M. Fair Value of Financial Instruments

The Council's financial instruments consist of cash, short-term receivables and payables, and short-term notes payable. The carrying value for all such instruments, considering the terms, approximates fair value at June 30, 2011.

N. Impairment of Long-Lived Assets

The Council assesses whether there has been impairment in the value of its long-lived assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount to the future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered to be impaired, the amount of impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported as the lower of the carrying amount or fair value, less costs to sell.

The Council believed no impairment in the net carrying values of the investments in property and equipment has occurred for the periods presented.

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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2011

2. PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of June 30, 2011, are as follows:

Office Equipment	\$60,631
Less: Accumulated Depreciation	<u>29,775</u>
Property and Equipment, Net	<u>\$30,856</u>

Depreciation expense for the year ended June 30, 2011, was \$8,594.

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, 2011, was \$0.

4. LONG-TERM DEBT

On August 31, 2010, the copier capital leases were revised to consolidate some of the old copiers and some new copiers.

Long-term debt relating to this lease consist 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 \$699, including imputed interest at 7.8% continue through August, 2015. Secured by the copiers.	\$29,241
Less: Current maturities	<u>6,284</u>
	<u>\$22,957</u>

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CLEAN AIR COUNCIL

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2011

4. LONG-TERM DEBT(CONTINUED):

Maturities of the capital lease obligation are as follows:

Year Ending <u>June 30,</u>	
2012	\$ 6,326
2013	6,838
2014	7,392
2015	7,992
2016	<u>693</u>
	<u>\$29,241</u>

5. COMMITMENTS

The Council leases its Philadelphia office space with monthly rental payments of \$4,109. There are increases periodically over the lease term which expires on April 30, 2017. The Council also leases space in Delaware with monthly payments of \$288 expiring April 30, 2012 and office space on a month-to-month basis in Harrisburg, Pennsylvania for \$413 per month. Office rent expense for the year ended June 30, 2011 was \$57,909.

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

Year Ending <u>June 30,</u>	
2012	\$ 53,774
2013	50,892
2014	50,892
2015	51,158
2016	52,752
Thereafter	<u>36,048</u>
Total	<u>\$295,516</u>

The Council has several equipment lease leases with monthly payments ranging from \$96 to \$108 per month.

6. NON-CASH CONTRIBUTIONS

The Council received \$30,800 worth of promotion, printing and other expenses for a special event during the year ended June 30, 2011. 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.

CLEAN AIR COUNCIL

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2011

7. SPECIAL EVENTS

During the year ended June 30, 2011, the Council ran its annual 5K run to promote clean air. Revenues and the related expenses from this event are included below:

Gross revenues collected	\$ 96,508
Non-cash contributions	<u>30,800</u>
Total revenues	127,308
Expenses:	
Salaries	12,916
Payroll taxes	402
Consulting	13,657
Meals and lodging	3,479
Office	4,263
Office Rent	501
Postage	386
Printing	416
Promotion	39,731
Travel	<u>1,209</u>
Total expenses	<u>76,960</u>
Net special events revenue	<u>\$ 50,348</u>

8. CONCENTRATION OF CREDIT RISK

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

As of June 30, 2011, the Council had deposits in a financial institution in excess of the amount insured by agencies of the federal government of \$100,682. 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, 2011, \$215,170 of the Council's contract and grant receivables were due from four organizations.

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CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2011

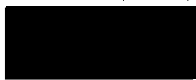
9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	\$120,000
	81,583
	50,000
	<u>50,000</u>
	<u>\$301,583</u>

10. CONTRACT REVENUE

The Council received awards and contracts under the following programs:

Federal Awards:	
	\$ 62,200
	90,966
Other	<u>23,656</u>
Total Federal Awards	176,822
Non-Federal contracts	<u>235,462</u>
Total Contract Revenue	<u>\$412,284</u>

11. PROFIT SHARING PLAN

The Council started a 401(k) plan on July 1, 2010. The plan covers all eligible employees and employer contributions are discretionary and determined by management. There were no contributions to the plan for the year ended June 31, 2011

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 12, 2012, which is the date the financial statements were available to be issued. No significant events have been identified, other than indicated in the financial statement, that would require adjustments of or disclosure in the accompanying financial statements.