

CLEAN AIR COUNCIL

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2015 and 2014



JEBRAN & ABRAHAM, PC
Certified Public Accountants and Business Consultants

CLEAN AIR COUNCIL
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For the Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Clean Air Council
Philadelphia, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Clean Air Council (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clean Air Council as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2016, on our consideration of Clean Air Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clean Air Council's internal control over financial reporting and compliance.

Jebian & Abraham, P.C.

New Britain, Pennsylvania

May 10, 2016

CLEAN AIR COUNCIL
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 716,329	\$ 829,393
Contracts receivable	388,587	286,640
Grants and other receivables	1,080,336	463,268
Prepaid expenses	15,773	11,111
Total Current Assets	2,201,025	1,590,412
Property and Equipment		
Office equipment	54,668	54,668
Less accumulated depreciation	(35,289)	(28,934)
Property and Equipment, Net	19,379	25,734
Other Assets		
Investment, at Fair Market Value	59,646	59,307
Deposits	3,508	5,008
Total Other Assets	63,154	64,315
Total Assets	\$ 2,283,558	\$ 1,680,461
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	\$ 151,684	\$ 28,098
Current portion of Capital lease obligation	8,228	14,418
Salaries and payroll taxes payable	53,583	47,148
Accrued expenses	3,471	-
Deferred revenue	-	10,485
Due to other entities	7,035	7,035
Total Current Liabilities	224,001	107,184
Long-Term Liabilities		
Capital lease obligation - net of current portion	3,969	12,795
Net Assets		
Unrestricted net assets	395,405	550,932
Temporarily restricted net assets	1,660,183	1,009,550
Total Net Assets	2,055,588	1,560,482
Total Liabilities and Net Assets	\$ 2,283,558	\$ 1,680,461

The accompanying notes are an integral part of these financial statements.

CLEAN AIR COUNCIL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 728,746	\$ -	\$ 728,746
Contributions	327,949	1,417,683	1,745,632
Memberships	274,597	-	274,597
Miscellaneous	11,770	-	11,770
Interest and Dividends	5,208	-	5,208
Unrealized loss on marketable securities	(2,626)	-	(2,626)
Special events, Net of \$277,964 of expenses	(61,806)	-	(61,806)
Net assets released from restrictions -			-
Satisfaction of program requirements	767,050	(767,050)	-
Total Revenue and Support	<u>2,050,888</u>	<u>650,633</u>	<u>2,701,521</u>
Expenses			
Program services	1,861,423	-	1,861,423
Supporting	344,992	-	344,992
Total Expenses	<u>2,206,415</u>	<u>-</u>	<u>2,206,415</u>
Changes in Net Assets	(155,527)	650,633	495,106
Net Assets, Beginning of Year	<u>550,932</u>	<u>1,009,550</u>	<u>1,560,482</u>
Net Assets, End of Year	<u>\$ 395,405</u>	<u>\$ 1,660,183</u>	<u>\$ 2,055,588</u>

The accompanying notes are an integral part of these financial statements

CLEAN AIR COUNCIL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 348,058	\$ -	\$ 348,058
Contributions	526,250	944,550	1,470,800
Memberships	262,684	-	262,684
Miscellaneous	5,627	-	5,627
Interest and Dividends	2,578	-	2,578
Unrealized gain on marketable securities	1,373	-	1,373
Realized gain on marketable securities	1,783	-	1,783
Special events, Net of \$238,358 of expenses	(19,665)	-	(19,665)
Net assets released from restrictions -			
Satisfaction of program requirements	218,667	(218,667)	-
Total Revenue and Support	<u>1,347,355</u>	<u>725,883</u>	<u>2,073,238</u>
Expenses			
Program services	1,190,865	-	1,190,865
Supporting	270,166	-	270,166
Total Expenses	<u>1,461,031</u>	<u>-</u>	<u>1,461,031</u>
Changes in Net Assets	(113,676)	725,883	612,207
Net Assets, Beginning of Year	664,608	283,667	948,275
Net Assets, End of Year	<u>\$ 550,932</u>	<u>\$ 1,009,550</u>	<u>\$ 1,560,482</u>

The accompanying notes are an integral part of these financial statements

CLEAN AIR COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	PROGRAM ACTIVITIES					SUPPORTING ACTIVITIES				
	Outdoor Air Quality Education	Energy Education	Transportation Education	Global Warming Education	Other Expenses	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
Audit Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,850	\$ -	\$ 7,850	\$ 7,850
Consulting Fees	140,795	8,250	283,263	-	11,950	444,258	34,884	19,000	53,884	498,142
Employee benefits	36,533	7,947	16,025	6,395	8,325	75,225	10,402	4,223	14,625	89,850
Equipment rental	1,311	285	575	230	299	2,700	373	152	525	3,225
Insurance	4,778	1,039	2,096	836	1,089	9,838	1,360	552	1,912	11,750
Legal Fees	13,968	-	-	-	-	13,968	4,085	-	4,085	18,053
Meals and Lodging	14,465	56	1,402	1,447	1,730	19,100	15,049	199	15,248	34,348
Office	19,624	2,770	5,892	2,231	5,193	35,710	28,777	6,572	35,349	71,059
Office Rent	25,263	5,496	11,081	4,422	5,757	52,019	7,193	2,920	10,113	62,132
Payroll Taxes	31,373	6,825	13,761	5,492	7,149	64,600	8,933	3,627	12,560	77,160
Postage and Mailing	4,791	1,019	2,045	784	1,064	9,703	1,275	613	1,888	11,591
Printing and Design	14,048	1,992	5,622	1,603	10,436	33,701	2,608	1,059	3,667	37,368
Promotion	10,285	84	200,831	1,559	1,205	213,964	4,102	2	4,104	218,068
Salaries	408,996	88,974	179,400	71,591	93,203	842,164	116,451	47,278	163,729	1,005,893
Telephone	3,160	617	1,243	496	646	6,162	807	328	1,135	7,297
Travel	26,882	1,026	2,761	2,245	5,397	38,311	5,623	866	6,489	44,800
Sub-Total	756,272	126,380	725,997	99,331	153,443	1,861,423	249,772	87,391	337,163	2,198,586
Depreciation	-	-	-	-	-	-	6,355	-	6,355	6,355
Interest	-	-	-	-	-	-	1,474	-	1,474	1,474
Total	\$ 756,272	\$ 126,380	\$ 725,997	\$ 99,331	\$ 153,443	\$ 1,861,423	\$ 257,601	\$ 87,391	\$ 344,992	\$ 2,206,415

The accompanying notes are an integral part of these financial statements

CLEAN AIR COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014

	PROGRAM EXPENSES							SUPPORTING EXPENSES				
	Outdoor Air Quality Education	Energy Education	Environmental Health Education	Transportation Education	Waste Education	Indoor Air Quality Education	Global Warming Education	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
Audit fees	\$ -	-	-	-	-	-	-	\$ -	\$ 9,288	-	\$ 9,288	\$ 9,288
Consulting fees	107,822	78	5,753	25,873	6,949	-	826	147,302	15,242	25,601	40,843	188,145
Employee benefits	27,217	5,147	9,910	11,653	629	2,535	3,960	61,051	9,180	1,622	10,802	71,853
Equipment rental	4,946	935	1,801	2,118	114	461	720	11,095	1,668	295	1,963	13,058
Insurance	4,721	893	1,719	2,021	109	440	684	10,587	1,592	281	1,873	12,460
Legal fees	6,873	-	-	-	-	-	-	6,873	1,459	-	1,459	8,332
Meals and lodging	10,885	587	781	211	3	268	147	12,882	11,034	261	11,295	24,177
Office	13,559	1,195	2,283	2,933	163	930	1,272	22,335	26,203	1,825	28,028	50,363
Office rent	21,088	3,988	7,679	9,029	487	1,964	3,069	47,304	7,113	1,257	8,370	55,674
Payroll taxes	23,406	4,427	8,523	10,021	541	2,180	3,406	52,504	7,895	1,395	9,290	61,794
Postage and mailing	4,583	810	1,560	1,854	99	412	651	9,969	1,445	318	1,763	11,732
Printing and design	9,031	2,035	1,796	2,440	114	744	718	16,878	1,664	294	1,958	18,836
Promotion	4,715	696	617	6,156	84	11,713	407	24,388	572	323	895	25,283
Salaries	326,088	61,671	118,736	139,613	7,531	30,374	47,451	731,464	109,994	19,436	129,430	860,894
Telephone	2,626	463	891	1,048	57	228	404	5,717	826	146	972	6,689
Travel	21,289	1,041	1,650	1,488	133	3,154	1,761	30,516	2,872	846	3,718	34,234
Sub-total	588,849	83,966	163,699	216,458	17,013	55,404	65,476	1,190,865	208,047	53,900	261,947	1,452,812
Depreciation	-	-	-	-	-	-	-	-	6,442	-	6,442	6,442
Interest	-	-	-	-	-	-	-	-	1,777	-	1,777	1,777
	<u>\$ 588,849</u>	<u>\$ 83,966</u>	<u>\$ 163,699</u>	<u>\$ 216,458</u>	<u>\$ 17,013</u>	<u>\$ 55,404</u>	<u>\$ 65,476</u>	<u>\$ 1,190,865</u>	<u>\$ 216,266</u>	<u>\$ 53,900</u>	<u>\$ 270,166</u>	<u>\$ 1,461,031</u>

The accompanying notes are an integral part of these financial statements

CLEAN AIR COUNCIL
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
Schedule of Reconciling Increases in		
Net Assets to Net Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ 495,106	\$ 612,207
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Depreciation	6,355	6,442
Unrealized gain on investments	2,626	(1,373)
Noncash contributions	(26,600)	(39,700)
Noncash expenses	26,600	39,700
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	(101,947)	38,320
Grant and other receivables	(617,068)	(463,268)
Prepaid expenses	(4,662)	(8,744)
Increase (decrease) in:		
Accounts payable	123,586	14,988
Accrued expenses	3,471	-
Salaries and payroll taxes payable	6,435	4,344
Due to other entities	-	1
Deferred revenue	(10,485)	10,485
Net cash provided by operating activities	(95,083)	213,402
Cash Flow from Investing Activities:		
Purchase of investments	(2,965)	(51,045)
Disposition of fixed asset	-	9,182
Net cash used in investing activities	(2,965)	(41,863)
Cash Flow from Financing Activities:		
Payments on capital lease obligation	(15,016)	(10,087)
Net cash used in financing activities	(15,016)	(10,087)
Net Increase in Cash	(113,064)	161,452
Cash, Beginning of the Year	829,393	667,941
Cash, End of the Year	\$ 716,329	\$ 829,393
 Supplemental Disclosure to Cash Flow Information:		
Cash Paid for Interest	\$ 1,474	\$ 1,777
 Supplemental Disclosure of Certain Non Cash Investing and Financing Activities:		
Acquisition of Fixed Assets Through Capital Lease	\$ -	\$ 21,861

The accompanying notes are an integral part of these financial statements.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

1. Nature of Organization

Clean Air Council (the "Organization") 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 Organization 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 Organization has offices in Philadelphia and Harrisburg, Pennsylvania as well as Wilmington, Delaware.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, revenues are recognized when earned and expenses are recorded when incurred.

The Organization 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 Organization 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.

Cash and Cash Equivalents

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

Investments

The Organization carries investments in marketable securities at their readily determinable fair market values at year end in the statement of financial position. Dividend 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 or activities and changes in net assets.

Property and equipment - contributed

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Grants and Contributions

Contributions are generally available for unrestricted use in the related year received 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 promise 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 restriction.

Noncash Contributions and Volunteer Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that require specialized skills and would typically need to be purchased if not provided by donations, are recorded at fair values in the period received.

During the years ended June 30, 2015 and 2014, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. 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.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash, short-term receivables and payables, and short-term note payable. The carrying value for all such instruments, considering the terms, approximates fair value at June 30, 2015 and 2014.

Impairment of Long-Lived Assets

The Organization assesses whether there has been impairment in the value of its long-lived assets whenever events or changes in circumstances indicate that 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 at the lower of the carrying amount or fair value, less costs to sell.

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

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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 in the reporting period in which the revenue is recognized. All other funding is reported as increase 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit organization and is classified as exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization is exempt from Pennsylvania state income taxes.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited by those costs.

3. Property and Equipment

Property and equipment are carried at cost. Depreciation of property and equipment and amortization of leasehold improvements are on the straight-line and accelerated methods. Depreciation has been based on the estimated useful lives of the property and equipment.

Expenditures for maintenance and repairs are necessary to maintain property and equipment in efficient operating condition are charged to operations. Expenditures which increase the useful lives of the assets are capitalized.

Property and equipment and accumulated depreciation as of June 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Office Equipment	\$ 54,668	\$ 54,668
Less: Accumulated Depreciation	<u>35,289</u>	<u>28,934</u>
Property and Equipment, Net	<u>\$ 19,379</u>	<u>\$ 25,734</u>

Depreciation expense for the year ended June 30, 2015 and 2014 was \$6,355 and \$6,442, respectively.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

4. Capital Lease Obligation

The Organization maintains long-term debt in connection with the capital lease obligations for their copiers. Long-term debt relating to this lease consists of the following:

	2015	2014
Capital lease obligation for copiers. The assets and corresponding liability under the capital lease are recorded at the net present value of the lease amount. Monthly payments of \$1,374, including imputed interest at 7.8% continue through December, 2016. The obligation is secured by the copiers.	\$ 12,197	\$ 27,213
Less: Current maturities	8,228	14,418
Long-term portion of capital lease obligation	\$ 3,969	\$ 12,795

Following are maturities of the capital lease obligation for each of the remaining years in the lease:

Years Ending June 30,	
2016	\$ 9,008
2017	3,969
Total	\$ 12,977

5. Commitments

The Organization leases its Philadelphia office space with monthly rental payments of \$4,241. There are increases periodically over the lease term which expires on April 30, 2025. The Organization also leases space in Harrisburg with monthly payments of \$250 and is currently leasing on a month-to-month basis. Additionally, the Organization has membership in a co-working space in Philadelphia, paying \$100 per month. This co-working space is renewed month-to-month. The Organization also leases office space in Wilmington, Delaware and Erie, Pennsylvania for an annual fee. The Organization decides whether to renew for another year at the end of the term for these spaces. Wilmington's space cost \$1,676 for all of 2014 and \$1,999 for all of 2015. Erie's space began in February of 2015 and cost \$3,600. Lastly, the Organization maintains offsite storage for a monthly fee of \$544, which is renewed month-to-month.

Office and storage rent expense for the years ended June 30, 2015 and 2014 was \$65,974 and \$57,541, respectively.

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

Year Ending June 30,	
2016	\$ 52,752
2017	54,342
2018	55,970
2019	57,648
2020	59,387
2021 and thereafter	312,965
	\$ 593,064

**CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS**

6. Non-Cash Contributions

The Organization received \$26,600 and \$39,700 worth of promotional, printing and other expense for special events during the years ended June 30, 2015 and 2014. The contribution revenue is shown net of expense in special events on the statement of activities. Since the revenue is equal to the expense, the net effect on the statement of activities is zero.

7. Special Events

During the years ended June 30, 2015 and 2014, the Organization ran its annual Run for Clean Air to promote clean air and its annual Greenfest Philly street festival to educate people on living sustainably. In the year ended June 30, 2014, the Organization added a new special event, Dine Out For The Environment, to promote sustainable restaurants. Revenues and the related expense from this event are included below:

	2015	2014
Gross revenues collected	\$ 189,558	\$ 178,993
Non-cash contributions	26,600	39,700
Total Revenues	216,158	218,693
Expense:		
Salaries	80,895	75,152
Payroll taxes	8,626	2,708
Consulting	29,445	13,392
Equipment rental	33,158	19,071
Meals and lodging	6,399	3,902
Office	15,026	13,054
Office rent	3,841	1,868
Postage and mailings	48	1,082
Printing	12,334	15,128
Promotion	86,211	90,191
Travel	1,981	2,810
Total Expenses	277,964	238,358
Net special events revenue	\$ (61,806)	\$ (19,665)

8. Concentration of Credit Risk

As of June 30, 2015 and 2014, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$163,377 and \$77,973 for the years end June 30, 2015 and 2014. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2015	2014
██	\$ 587,400	\$ 291,800
██	637,300	136,000
██	182,500	489,500
██	107,633	7,250
██	60,000	65,000
██	40,000	-
Other Miscellaneous	24,750	-
██	20,600	20,000
██	20,600	20,000
Total	\$ 1,660,183	\$ 1,009,550

10. Contract Revenue

The Organization received awards and contracts under the following programs for the years ended June 30, 2015 and 2014:

	2015	2014
Federal Awards:		
██	\$ 239,880	\$ 21,600
██	20,000	-
██	27,131	17,869
██	82,723	62,200
Total Federal Awards	369,734	101,669
Non-Federal Contracts	359,012	246,689
Total Contract Revenue	\$ 728,746	\$ 348,358

11. Profit Sharing Plan

The Organization maintains a 401(K) plan that covers all eligible employees. Employer contributions are discretionary and determined annually by management. During the year ended June 30, 2015 and 2014, the Organization provided matching contributions of up to 2% of each employee's contributions towards their 401(K) plans.

12. Date of Management's Review

In preparing the financial statements, the Organization has evaluated the events and transactions for potential recognition or disclosure through May 10, 2016, the date that the financial statements were available to be issued.

SUPPLEMENTAL
INFORMATION



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Clean Air Council
Philadelphia, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Clean Air Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clean Air Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clean Air Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clean Air Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jebran & Abraham, P.C.

New Britain, Pennsylvania

May 10, 2016