



BORISLOW, FACTOR & KAUFMANN, LLC

Certified Public Accountants

Blue Bell, Pennsylvania

CLEAN AIR COUNCIL
FINANCIAL STATEMENTS
JUNE 30, 2010

CLEAN AIR COUNCIL

JUNE 30, 2010

b
f
k

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 – 14



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, 2010, 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, 2010, 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 21, 2011

CLEAN AIR COUNCIL

b
f
k

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 101,715	\$ 40,000	\$ 141,715
Contracts Receivable	366,725	-	366,725
Prepaid Expenses	<u>309</u>	<u>-</u>	<u>309</u>
Total Current Assets	<u>468,749</u>	<u>40,000</u>	<u>508,749</u>
PROPERTY AND EQUIPMENT-AT COST:	67,849	-	67,849
Less: Accumulated Depreciation	<u>45,155</u>	<u>-</u>	<u>45,155</u>
	<u>22,694</u>	<u>-</u>	<u>22,694</u>
OTHER ASSETS:			
Investments-At Fair Market Value	2,005	-	2,005
Deposits	<u>5,008</u>	<u>-</u>	<u>5,008</u>
Total Other Assets	<u>7,013</u>	<u>-</u>	<u>7,013</u>
TOTAL ASSETS	<u>\$ 498,456</u>	<u>\$ 40,000</u>	<u>\$ 538,456</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

LIABILITIES AND NET ASSETS

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT LIABILITIES:			
Current Portion of Capital Lease Payable	\$ 8,275	\$ -	\$ 8,275
Accounts Payable	16,411	-	16,411
Accrued Salaries	26,707	-	26,707
Due to Other Entities	<u>7,026</u>	<u>-</u>	<u>7,026</u>
 Total Current Liabilities	 <u>58,419</u>	 <u>-</u>	 <u>58,419</u>
 LONG-TERM DEBT			
Capital Lease Payable	19,217	-	19,217
Less: Current Maturities	<u>8,275</u>	<u>-</u>	<u>8,275</u>
	<u>10,942</u>	<u>-</u>	<u>10,942</u>
 NET ASSETS:			
Unrestricted	429,095	-	429,095
Temporarily Restricted	<u>-</u>	<u>40,000</u>	<u>40,000</u>
 Total Net Assets	 <u>429,095</u>	 <u>40,000</u>	 <u>469,095</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 498,456</u>	 <u>\$ 40,000</u>	 <u>\$ 538,456</u>

CLEAN AIR COUNCIL

b
f
k

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contract Revenues	\$ 565,834	\$ -	\$ 565,834
Contributions	10,894	40,000	50,894
Memberships	366,195	-	366,195
Rental Income	6,180	-	6,180
Interest and Dividends	33	-	33
Unrealized Gain on Investments	940	-	940
Special Events, Net of Expenses of \$55,302	33,888	-	33,888
Net Assets Released from Restrictions- Satisfaction of Program Requirements	<u>68,617</u>	<u>(68,617)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>1,052,581</u>	<u>(28,617)</u>	<u>1,023,964</u>
EXPENSES:			
Program Services	715,827	-	715,827
Management and General	145,465	-	145,465
Fund Raising	<u>60,069</u>	<u>-</u>	<u>60,069</u>
TOTAL EXPENSES	<u>921,361</u>	<u>-</u>	<u>921,361</u>
CHANGE IN NET ASSETS	131,220	(28,617)	102,603
NET ASSETS - BEGINNING OF YEAR	<u>297,875</u>	<u>68,617</u>	<u>366,492</u>
NET ASSETS - END OF YEAR	<u>\$ 429,095</u>	<u>\$ 40,000</u>	<u>\$ 469,095</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

CLEAN AIR COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

	Program Services				Supporting Activities		Total Expenses			
	Air Quality Education	Waste Reduction Education	Energy Education	Transportation Education	Indoor Air Quality Education	Total Program Activities		Management and General	Fund-Raising	Total Supporting Activities
Salaries	\$ 110,106	\$ 12,477	\$ 28,052	\$ 312,340	\$ 52,751	\$ 515,726	\$ 65,406	\$ 43,684	\$ 109,090	\$ 624,816
Payroll Taxes	10,151	1,150	2,586	28,796	4,863	47,546	6,030	4,027	10,057	57,603
Employee Benefits	4,631	525	1,180	13,136	2,219	21,691	2,751	1,837	4,588	26,279
Total Salaries and Related Expenses	124,888	14,152	31,818	354,272	59,833	584,963	74,187	49,548	123,735	708,698
Audit Fees	-	-	-	-	-	-	9,120	-	9,120	9,120
Consulting Fees	1,693	192	670	5,791	946	9,292	7,237	1,012	8,249	17,541
Equipment Rentals	541	61	138	1,536	259	2,535	322	215	537	3,072
Insurance Expense	1,341	152	342	3,804	643	6,282	797	532	1,329	7,611
Legal Fees	1,477	-	-	-	-	1,477	2,266	-	2,266	3,743
Meals and Lodging	791	126	898	2,584	1,979	6,378	2,442	472	2,914	9,292
Office Expense	37	16	161	1,285	756	2,255	20,968	240	21,208	23,463
Office Rent	9,888	1,121	2,519	28,050	4,737	46,315	5,874	3,923	9,797	56,112
Postage	1,533	171	372	4,161	756	6,993	867	601	1,468	8,461
Printing	1,787	203	804	5,186	858	8,838	1,062	709	1,771	10,609
Promotion	564	28	1,661	5,492	2,579	10,324	147	422	569	10,893
Telephone	2,818	319	726	7,995	1,384	13,242	1,674	1,140	2,814	16,056
Travel	3,475	386	1,165	6,616	5,291	16,933	4,851	1,255	6,106	23,039
Total Expenses Before Depreciation and Interest	150,833	16,927	41,274	426,772	80,021	715,827	131,814	60,069	191,883	907,710
Depreciation	-	-	-	-	-	-	10,951	-	10,951	10,951
Interest Expense	-	-	-	-	-	-	2,700	-	2,700	2,700
Total Expenses	\$ 150,833	\$ 16,927	\$ 41,274	\$ 426,772	\$ 80,021	\$ 715,827	\$ 145,465	\$ 60,069	\$ 205,534	\$ 921,361

The Accompanying Notes Are an Integral Part of This Financial Statement

O
F
K

CLEAN AIR COUNCIL

b
f
k

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 102,603
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	10,951
Realized/Unrealized Gain on Investments	(940)
Increase in Contracts Receivable	(102,571)
Decrease in Grant and Other Receivables	10,000
Decrease in Prepaid Expenses	488
Increase in Deposits	(1,500)
Decrease in Accounts Payable	(19,362)
Increase in Accrued Salaries	1,179
Increase in Due To Other Entities	<u>1,708</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,556</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments of Capital Lease Payable	<u>(7,872)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(7,872)</u>
NET DECREASE IN CASH	(5,316)
CASH - BEGINNING OF YEAR	<u>147,031</u>
CASH - END OF YEAR	<u>\$ 141,715</u>
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION:	
Interest Income Received	<u>\$ 33</u>
Interest Expense Paid	<u>\$ 2,700</u>

The Accompanying Notes Are an Integral Part of This Financial Statement

b f k

CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

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.

(Continued)

b
f
k

CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2010

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.

(Continued)

CLEAN AIR COUNCIL

b
f
k

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2010

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.

(Continued)

b
f
k

CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2010

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

L. Volunteer Services

For the year ended June 30, 2010, 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, 2010.

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.

b f k

CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2010

2. PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of June 30, 2010, are as follows:

Office Equipment	\$67,849
Less: Accumulated Depreciation	<u>45,155</u>
Property and Equipment, Net	<u>\$22,694</u>

Depreciation expense for the year ended June 30, 2010, was \$10,951.

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, 2010, 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.	\$19,217
Less: Current maturities	<u>8,275</u>
	<u>\$10,942</u>

Maturities of the capital lease obligation are as follows:

Year Ending	
<u>June 30,</u>	
2010	\$ 8,275
2011	8,699
2012	<u>2,243</u>
	<u>\$19,217</u>

(Continued)

CLEAN AIR COUNCIL

b
f
k

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2010

4. LONG-TERM DEBT (CONTINUED)

On August 31, 2010, the copier capital leases were revised to consolidate some of the old copiers and some new copiers. The new lease require monthly payments of \$694 through August, 2015.

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. 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, 2010, was \$56,112.

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

Year Ending <u>June 30,</u>	
2011	\$ 54,526
2012	55,848
2013	55,848
2014	55,848
2015	<u>55,114</u>
Total	<u>\$127,392</u>

In addition, the Council has several equipment leases with monthly payments ranging from \$96 to \$108 per month.

6. NON-CASH CONTRIBUTIONS

The Council received \$16,000 worth of promotion, printing and other expenses for a special event during the year ended June 30, 2010. 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.

b
f
k

CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2010

7. SPECIAL EVENTS

During the year ended June 30, 2010, 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	\$ 73,190
Non-cash contributions	<u>16,000</u>
Total revenues	89,190
Expenses:	
Salaries	12,131
Payroll taxes	424
Consulting	10,063
Meals and lodging	949
Office	2,503
Postage	705
Printing	455
Promotion	27,172
Travel	<u>900</u>
Total expenses	<u>55,302</u>
Net special events revenue	<u>\$ 33,888</u>

8. CONCENTRATION OF CREDIT RISK

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

As of June 30, 2010, the Council had no deposits in a financial institution in excess of the amount insured by agencies of the federal government. 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, 2010, \$225,744 of the Council's contract and grant receivables were due from four organizations.

b
f
k

CLEAN AIR COUNCIL

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2010

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>\$40,000</u>
	<u>\$40,000</u>

10. CONTRACT REVENUE

The Council received awards and contracts under the following programs:

Federal Awards:

	\$ 55,299
	<u>95,549</u>

Total Federal Awards	150,848
Non-Federal contracts	<u>414,986</u>

Total Contract Revenue	<u>\$565,834</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.

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 21, 2011, 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.