

**CLEAN AIR COUNCIL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2012



**JEBRAN & ASSOCIATES, PC**  
Certified Public Accountants and Business Consultants

**CLEAN AIR COUNCIL**  
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For the Year Ended June 30, 2012

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Clean Air Council  
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of Clean Air Council (a nonprofit organization) as of June 30, 2012, and the related statements of activities and changes in net assets, 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 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Clean Air Council as of June 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In Accordance with Government Auditing Standards, we have also issued our report dated April 18, 2013 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 purposes 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The

information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Jebran & Associates, P.C.*

Chalfont, Pennsylvania

April 18, 2013

**CLEAN AIR COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
As of June 30, 2012

	<b>2012</b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 465,286
Contracts receivable	524,458
Grants and other receivables	380,000
Prepaid expenses	3,088
Total Current Assets	1,372,832
Property and Equipment	
Office equipment	60,631
Less accumulated depreciation	(38,369)
Property and Equipment, Net	22,262
Other Assets	
Investment, at Fair Market Value	1,956
Deposits	5,008
Total Other Assets	6,964
Total Assets	\$ 1,402,058
 <b>LIABILITIES AND NET ASSETS</b>	
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	\$ 93,993
Current portion of Capital lease obligation	6,838
Salaries and payroll taxes payable	35,996
Deferred revenue	400
Due to other entities	7,035
Total Current Liabilities	144,262
Long-Term Liabilities	
Capital lease obligation - net of current portion	16,077
<b>Net Assets</b>	
Unrestricted net assets	513,435
Temporarily restricted net assets	728,284
Total Net Assets	1,241,719
Total Liabilities and Net Assets	\$ 1,402,058

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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contract revenue	\$ 999,379	\$ -	\$ 999,379
Contributions	418,776	728,284	1,147,060
Memberships	285,328	-	285,328
Miscellaneous	105	-	105
Interest and Dividends	322	-	322
Unrealized loss on marketable securities	(5,301)	-	(5,301)
Noncash contributions	295	-	295
Special events, Net of \$100,511 of expenses	51,859	-	51,859
Net assets released from restrictions -			
Satisfaction of program requirements	301,583	(301,583)	-
<b>Total Revenue and Support</b>	<u>2,052,346</u>	<u>426,701</u>	<u>2,479,047</u>
<b>Expenses</b>			
Program services	1,672,533	-	1,672,533
Supporting	226,409	-	226,409
<b>Total Expenses</b>	<u>1,898,942</u>	<u>-</u>	<u>1,898,942</u>
<b>Changes in Net Assets</b>	153,404	426,701	580,105
<b>Net Assets, Beginning of Year</b>	<u>360,031</u>	<u>301,583</u>	<u>661,614</u>
<b>Net Assets, End of Year</b>	<u>\$ 513,435</u>	<u>\$ 728,284</u>	<u>\$ 1,241,719</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, 2012

	PROGRAM ACTIVITIES										SUPPORTING ACTIVITIES		
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,390	\$ -	\$ 8,390	\$ 8,390	
Consulting Fees	18,204	1,621	89	116,015	19	1,099	844	137,891	3,695	3,124	6,819	144,710	
Employee benefits	13,673	2,440	466	17,605	98	5,770	4,429	44,481	5,664	2,619	8,283	52,764	
Equipment rental	385	69	13	495	3	162	125	1,252	159	74	233	1,485	
Insurance	2,546	454	87	3,278	18	1,074	825	8,282	1,055	488	1,543	9,825	
Legal Fees	1,000	-	476	-	-	-	-	1,476	2,844	-	2,844	4,320	
Meals and Lodging	8,666	2,970	234	4,546	2	290	123	16,831	6,908	658	7,566	24,397	
Office	5,891	939	544	7,023	36	2,967	1,695	19,095	19,358	1,830	21,188	40,283	
Office Rent	15,952	2,847	73	20,540	114	6,732	5,167	51,425	6,608	3,055	9,663	61,088	
Payroll Taxes	15,249	2,722	520	19,634	109	6,435	4,940	49,609	6,317	2,921	9,238	58,847	
Postage and Mailing	2,266	382	112	2,836	15	903	694	7,208	886	467	1,353	8,561	
Printing and Design	4,067	585	516	4,440	23	13,632	1,061	24,324	1,351	627	1,978	26,302	
Promotion	3,423	893	59	562,988	3	7,879	450	575,645	192	189	381	576,026	
Salaries	213,251	38,062	7,275	274,582	1,522	89,993	69,078	693,763	88,339	40,846	129,185	822,948	
Telephone	1,717	306	451	2,214	12	725	556	5,981	711	329	1,040	7,021	
Travel	18,291	3,230	-	8,133	19	4,299	1,298	35,270	3,021	889	3,910	39,180	
Sub-Total	324,581	57,520	10,915	1,044,279	1,993	141,960	91,285	1,672,533	155,498	58,116	213,614	1,886,147	
Depreciation	-	-	-	-	-	-	-	-	8,594	-	8,594	8,594	
Interest	-	-	-	-	-	-	-	-	4,201	-	4,201	4,201	
Total	\$ 324,581	\$ 57,520	\$ 10,915	\$ 1,044,279	\$ 1,993	\$ 141,960	\$ 91,285	\$ 1,672,533	\$ 168,293	\$ 58,116	\$ 226,409	\$ 1,898,942	

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

**CLEAN AIR COUNCIL**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2012

	2012
<b>Schedule of Reconciling Increases in</b>	
<b>Net Assets to Net Cash Flows from Operating Activities</b>	
Increase in net assets	\$ 580,105
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets	
Depreciation	8,594
Unrealized loss on investments	5,006
Noncash contributions	(24,044)
Noncash expenses	24,044
Adjustments to reconcile increase (decrease) to net cash flows from operating activities	
(Increase) decrease in:	
Contracts receivable	(174,508)
Prepaid expenses	2,306
Deposits	(1,500)
Increase (decrease) in:	
Accounts payable	59,368
Salaries and payroll taxes payable	2,794
Due to other entities	(18)
Deferred revenue	(24,600)
Net cash provided by operating activities	77,547
<b>Cash Flow from Financing Activities:</b>	
Payments on capital lease obligation	(6,326)
Net cash used in financing activities	(6,326)
<b>Net Increase in Cash</b>	71,221
<b>Cash, Beginning of the Year</b>	394,065
<b>Cash, End of the Year</b>	\$ 465,286
 Supplemental Disclosure to Cash Flow Information:	
Cash Paid for Interest	\$ 4,201

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



**CLEAN AIR COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**

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**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

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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 year ended June 30, 2012, 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, 2012.

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**

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**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 makes 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, 2012, are as follows:

Office Equipment	\$ 60,631
Less: Accumulated Depreciation	<u>38,369</u>
Property and Equipment, Net	<u>\$ 22,262</u>

Depreciation expense for the year ended June 30, 2012 was \$8,594.

**CLEAN AIR COUNCIL  
NOTES TO FINANCIAL STATEMENTS**

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**4. Line of Credit**

The Organization maintained a \$35,000 line of credit with a bank through December 2011. At that time, the line was not renewed. Interest was charged at the lender's prime rate plus 3%.

**5. 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:

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 \$699, including imputed interest at 7.8% continue through August, 2015. The obligation is secured by the copiers.	\$22,915
Less: Current maturities	<u>6,838</u>
Long-term portion of capital lease obligation	<u>\$16,077</u>

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

Year Ending June 30,	
2013	\$ 6,794
2014	7,344
2015	7,939
2016	<u>838</u>
	<u>\$ 22,915</u>

**6. 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, 2017. The Organization also leases space in Harrisburg with monthly payments of \$413. This lease renews automatically for four (4) successive one (1) year terms unless either party provides notice prior to 60 days of the lease expiration. This lease expires on April 30, 2014. In addition, the Organization leases space in Delaware with monthly payments of \$288. Office rent expense for the year ended June 30, 2012 was \$ 61,088.

**CLEAN AIR COUNCIL  
NOTES TO FINANCIAL STATEMENTS**

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**6. Commitments (continued)**

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

Year Ending June 30,		
2013	\$	50,892
2014		50,892
2015		51,158
2016		52,752
Thereafter		45,060
Total	\$	250,754

**7. Non-Cash Contributions**

The Organization received \$23,749 worth of promotional, printing and other expense for a special event during the year ended June 30, 2012. 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. In addition, the Organization received a contribution in the form of stock valued at \$295.

**8. Special Event**

During the year ended June 30, 2012, the Organization ran its annual 5K run to promote clean air and its annual Greenfest Philly street festival to educate people on living sustainably. Revenues and the related expense from this event are included below:

Gross revenues collected	\$	128,621
Non-cash contributions		23,749
Total Revenues		152,370
Expense:		
Salaries		21,768
Payroll taxes		1,133
Program		29,124
Meals and lodging		2,154
Office		5,819
Office rent		700
Postage and mailings		325
Printing		123
Promotion		38,280
Travel		1,085
Total expenses		100,511
Net special events revenue	\$	51,859

CLEAN AIR COUNCIL  
NOTES TO FINANCIAL STATEMENTS





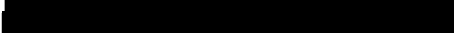



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9. Concentration of Credit Risk

As of June 30, 2012, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$172,031. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

		\$ 415,000
		40,000
		51,950
		15,000
		91,667
		50,000
		
		<u>64,667</u>
Total		<u><u>\$ 728,284</u></u>

11. Contract Revenue

The Organization received awards and contracts under the following programs:

Federal Awards:		
		\$ 401,906
		48,000
		62,200
		5,000
		39,091
Total Federal Awards		<u>556,197</u>
Non-Federal Contracts		<u>443,182</u>
Total Contract Revenue		<u><u>\$ 999,379</u></u>

12. Profit Sharing Plan

The Organization maintains a 401(K) plan that covers all eligible employees. Employer contributions are discretionary and determined annually by management. There were no contributions for the year ended June 30, 2012.

13. Date of Management's Review

In preparing the financial statements, the Organization has evaluated the events and transactions for potential recognition or disclosure through April 18, 2013, the date that the financial statements were available to be issued

**SUPPLEMENTAL  
INFORMATION**

**CLEAN AIR COUNCIL  
SCHEDULE OF AWARDS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012**

Federal:	<u>CFDA#</u>	<u>Amount</u>
[REDACTED]	66.039	\$ 314,034
[REDACTED]	66.035	80,872
[REDACTED]	66.604	7,000
[REDACTED]	20.205	48,000
[REDACTED]	20.205	62,200
[REDACTED]	93.070	5,000
[REDACTED]	11.419	39,091
Total Federal Awards/Expenditures		<u>556,197</u>
<b>State:</b>		
[REDACTED]		6,657
[REDACTED]		45,000
[REDACTED]		27,091
[REDACTED]		<u>36,597</u>
		<u>115,345</u>
<b>City:</b>		
[REDACTED]		<u>26,000</u>
<b>County (all Tobacco Pollution Studies)</b>		<u>161,862</u>
Total Governmental Expenditures		<b>859,404</b>
<b>Private contracts:</b>		<u>139,975</u>
Total Awards and Expenditures		<u><b>\$ 999,379</b></u>



**CLEAN AIR COUNCIL  
NOTES TO SCHEDULE OF AWARDS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012**

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**1. Basis of Presentation**

The accompanying schedule of awards and expenditures (the Schedule) includes the federal grant activity of Clean Air Council under programs of the federal government for the year ended June 30, 2012. The Schedule also includes information pertaining the State, Local and private awards and related expenditures. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Clean Air Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Clean Air Council.

**2. Summary of Significant Accounting Policies**

*Awards and expenditures*

Awards and Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such awards and expenditures are recognized following the cost principles contained in OMB Circular A-133, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**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 the accompanying financial statements of Clean Air Council (a nonprofit Organization) as of and for the year ended June 30, 2012 and have issued our report dated April 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of Clean Air Council is responsible of establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Clean Air Council's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clean Air Council's financial statements are free of 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 other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, board of directors and state and local awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

*Jelbran & Associates, P.C.*

Chalfont, Pennsylvania

April 18, 2013