

CLEAN AIR COUNCIL

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2013 and 2012



JEBRAN & ABRAHAM, PC
Certified Public Accountants and Business Consultants

CLEAN AIR COUNCIL
TABLE OF CONTENTS
For the Year Ended June 30, 2013 and 2012

	<u>Page(s)</u>
INDEPENDENT AUDITORS' REPORT	2-3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
Notes to Financial Statements	10-16
Independent Auditors' Report on Compliance	18-19



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, 2013 and 2012, 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, 2013 and 2012, 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 March 20, 2014, 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.

Chalfont, Pennsylvania

March 20, 2014

CLEAN AIR COUNCIL
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2013 and 2012

	2013	2012
ASSETS		
Current Assets		
Cash	\$ 667,941	\$ 465,286
Contracts receivable	324,960	524,458
Grants and other receivables	-	380,000
Prepaid expenses	2,367	3,088
Total Current Assets	995,268	1,372,832
Property and Equipment		
Office equipment	65,544	60,631
Less accumulated depreciation	(45,408)	(38,369)
Property and Equipment, Net	20,136	22,262
Other Assets		
Investment, at Fair Market Value	6,889	1956
Deposits	5,008	5,008
Total Other Assets	11,897	6,964
Total Assets	\$ 1,027,301	\$ 1,402,058
 LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	\$ 13,110	\$ 93,993
Current portion of Capital lease obligation	7,392	6,838
Salaries and payroll taxes payable	42,804	35,996
Deferred revenue	-	400
Due to other entities	7,034	7,035
Total Current Liabilities	70,340	144,262
Long-Term Liabilities		
Capital lease obligation - net of current portion	8,686	16,077
Net Assets		
Unrestricted net assets	664,608	463,435
Temporarily restricted net assets	283,667	778,284
Total Net Assets	948,275	1,241,719
Total Liabilities and Net Assets	\$ 1,027,301	\$ 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, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 580,071	\$ -	\$ 580,071
Contributions	194,333	121,667	316,000
Memberships	290,279	-	290,279
Miscellaneous	9,180	-	9,180
Interest and Dividends	557	-	557
Unrealized gain on marketable securities	4,933	-	4,933
Special events, Net of \$108,621 of expenses	39,819	-	39,819
Net assets released from restrictions -			
Satisfaction of program requirements	616,284	(616,284)	-
Total Revenue and Support	<u>1,735,456</u>	<u>(494,617)</u>	<u>1,240,839</u>
Expenses			
Program services	1,300,451	-	1,300,451
Supporting	233,832	-	233,832
Total Expenses	<u>1,534,283</u>	<u>-</u>	<u>1,534,283</u>
Changes in Net Assets	201,173	(494,617)	(293,444)
Net Assets, Beginning of Year	463,435	778,284	1,241,719
Net Assets, End of Year	<u>\$ 664,608</u>	<u>\$ 283,667</u>	<u>\$ 948,275</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, 2012

	Unrestricted (Restated)	Temporarily Restricted (Restated)	Total
Revenue and Support			
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	251,583	(251,583)	-
Total Revenue and Support	<u>2,002,346</u>	<u>476,701</u>	<u>2,479,047</u>
Expenses			
Program services	1,672,533	-	1,672,533
Supporting	226,409	-	226,409
Total Expenses	<u>1,898,942</u>	<u>-</u>	<u>1,898,942</u>
Changes in Net Assets	103,404	476,701	580,105
Net Assets, Beginning of Year	<u>360,031</u>	<u>301,583</u>	<u>661,614</u>
Net Assets, End of Year	<u>\$ 463,435</u>	<u>\$ 778,284</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, 2013

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,995	\$ -	\$ 13,995	\$ 13,995	
Consulting Fees	96,628	20,730	1,462	23,634	18	726	917	144,115	14,357	232	14,589	158,704	
Employee benefits	17,329	2,525	3,637	10,358	71	2,857	3,608	40,385	5,507	914	6,421	46,806	
Equipment rental	928	135	195	555	4	153	193	2,163	295	49	344	2,507	
Insurance	4,225	616	887	2,525	17	696	880	9,846	1,343	223	1,566	11,412	
Legal Fees	17,619	-	-	-	-	-	-	17,619	3,792	-	3,792	21,411	
Meals and Lodging	16,202	2,528	292	247	-	430	611	20,310	9,451	500	9,951	30,261	
Office	10,991	1,520	1,826	5,307	34	2,106	1,914	23,698	26,140	439	26,579	50,277	
Office Rent	22,147	3,227	4,648	13,237	91	3,651	4,611	51,612	7,038	1,169	8,207	59,819	
Payroll Taxes	23,570	3,434	4,947	14,088	96	3,886	4,907	54,928	7,490	1,244	8,734	63,662	
Postage and Mailing	4,235	769	803	2,335	15	633	848	9,638	1,201	246	1,447	11,085	
Printing and Design	8,773	1,290	1,517	5,255	30	1,191	1,593	19,649	2,297	381	2,678	22,327	
Promotion	5,527	3,495	247	3,741	5	19,249	85,533	117,797	375	1,010	1,385	119,182	
Salaries	320,602	46,710	67,291	191,628	1,311	52,851	66,746	747,139	101,880	16,917	118,797	865,936	
Telephone	2,977	449	611	1,739	12	480	606	6,874	925	154	1,079	7,953	
Travel	19,783	5,400	391	1,491	6	4,007	3,600	34,678	3,084	1,027	4,111	38,789	
Sub-Total	571,536	92,828	88,754	276,140	1,710	92,916	176,567	1,300,451	199,170	24,505	223,675	1,524,126	
Depreciation	-	-	-	-	-	-	-	-	7,039	-	7,039	7,039	
Interest	-	-	-	-	-	-	-	-	3,118	-	3,118	3,118	
Total	\$ 571,536	\$ 92,828	\$ 88,754	\$ 276,140	\$ 1,710	\$ 92,916	\$ 176,567	\$ 1,300,451	\$ 209,327	\$ 24,505	\$ 233,832	\$ 1,534,283	

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 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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	40,288		
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	562,938	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		
	<u>\$ 324,581</u>	<u>\$ 57,520</u>	<u>\$ 10,915</u>	<u>\$ 1,044,279</u>	<u>\$ 1,993</u>	<u>\$ 141,960</u>	<u>\$ 91,285</u>	<u>\$ 1,672,533</u>	<u>\$ 168,293</u>	<u>\$ 58,116</u>	<u>\$ 226,409</u>	<u>\$ 1,898,942</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, 2013 and 2012

	2013	2012
Schedule of Reconciling Increases in		
Net Assets to Net Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ (293,444)	\$ 580,105
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Depreciation	2,126	8,594
Unrealized loss (gain) on investments	(4,933)	5,006
Noncash contributions	(28,860)	(24,044)
Noncash expenses	28,860	24,044
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	199,498	(174,508)
Grant and other receivables	380,000	(380,000)
Prepaid expenses	721	2,306
Deposits	-	(1,500)
Increase (decrease) in:		
Accounts payable	(80,883)	59,368
Salaries and payroll taxes payable	6,808	2,794
Due to other entities	(1)	(18)
Deferred revenue	(400)	(24,600)
Net cash provided by operating activities	209,492	77,547
Cash Flow from Financing Activities:		
Payments on capital lease obligation	(6,837)	(6,326)
Net cash used in financing activities	(6,837)	(6,326)
Net Increase in Cash	202,655	71,221
Cash, Beginning of the Year	465,286	394,065
Cash, End of the Year	\$ 667,941	\$ 465,286
 Supplemental Disclosure to Cash Flow Information:		
Cash Paid for Interest	\$ 3,118	\$ 2,320

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, 2013 and 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, 2013 and 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

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, 2013 and 2012, are as follows:

	<u>2013</u>	<u>2012</u>
Office Equipment	\$ 65,544	\$ 60,631
Less: Accumulated Depreciation	<u>45,408</u>	<u>38,369</u>
Property and Equipment, Net	<u>\$ 20,136</u>	<u>\$ 22,262</u>

Depreciation expense for the year ended June 30, 2013 and 2012 was \$7,039 and \$8,594, respectively.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

4. Line of Credit

The Organization maintained a \$35,000 line of credit with a bank through December 31, 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:

	2013	2012
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.	\$16,078	\$ 22,915
Less: Current maturities	7,392	6,838
Long-term portion of capital lease obligation	\$ 8,686	\$ 16,077

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

Year Ending June 30,	
2014	\$ 7,392
2015	7,991
2016	695
	\$ 16,078

6. Commitments

The Organization leases its Philadelphia office space with monthly rental payments of \$4,284. 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 \$250. 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 \$278. Office rent expense for the years ended June 30, 2013 and 2012 was \$ 59,817 and \$61,088, respectively.

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

Year Ending June 30,	
2014	\$ 57,228
2015	57,228
2016	58,824
2017	60,408
Thereafter	-
Total	\$ 233,688

**CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS**

7. Non-Cash Contributions

The Organization received \$28,860 and \$23,749 worth of promotional, printing and other expense for a special event during the years ended June 30, 2013 and 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.

8. Special Event

During the years ended June 30, 2013 and 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:

	2013	2012
Gross revenues collected	\$ 119,580	\$ 128,621
Non-cash contributions	28,860	23,749
Total Revenues	148,440	152,370
Expense:		
Salaries	41,747	21,768
Payroll taxes	2,046	1,133
Program	-	29,124
Consulting	21,230	-
Equipment rental	7,720	-
Meals and lodging	2,750	2,154
Office	8,214	5,819
Office rent	1,686	700
Postage and mailings	325	325
Printing	5,195	123
Promotion	15,683	38,280
Travel	2,025	1,085
Total expenses	108,621	100,511
Net special events revenue	\$ 39,819	\$ 51,859

9. Concentration of Credit Risk

As of June 30, 2013 and 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 \$174,281 and \$172,031 for the years end June 30, 2013 and 2012. 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

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2013	2012
	\$ 81,000	\$ 415,000
	-	40,000
	-	51,950
	-	15,000
	91,667	91,667
	81,000	100,000
	30,000	64,667
Total	\$ 283,667	\$ 778,284

11. Contract Revenue

The Organization received awards and contracts under the following programs for the years ended June 30, 2013 and 2012:

	2013	2012
Federal Awards:		
	\$ -	\$ 401,906
	-	48,000
		62,200
		5,000
	43,431	39,091
	7,591	-
	62,200	-
Total Federal Awards	113,222	556,197
Non-Federal Contracts	466,849	443,182
Total Contract Revenue	\$ 580,071	\$ 999,379

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 years ended June 30, 2013 and 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 March 20, 2014, the date that the financial statements were available to be issued

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

14. Restatement

During the year ended June 30, 2013, it was discovered that the amount of net assets released from restrictions was incorrectly recorded resulting in net assets for each fund to be over and understated by \$50,000 for the year end June 30, 2012. Accordingly, the 2012 Statement of Activities has been adjusted reflect the correct amounts.

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, 2013, 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 March 20, 2014.

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.

Chalfont, Pennsylvania

March 20, 2014