

CLEAN AIR COUNCIL

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2014 and 2013



JEBRAN & ABRAHAM, PC
Certified Public Accountants and Business Consultants

CLEAN AIR COUNCIL
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For the Years Ended June 30, 2014 and 2013

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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, 2014 and 2013, 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, 2014 and 2013, 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 December 22, 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.

New Britain, Pennsylvania

December 22, 2014

CLEAN AIR COUNCIL
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash	\$ 829,393	\$ 667,941
Contracts receivable	286,640	324,960
Grants and other receivables	463,268	-
Prepaid expenses	11,111	2,367
Total Current Assets	1,590,412	995,268
Property and Equipment		
Office equipment	54,668	65,544
Less accumulated depreciation	(28,934)	(45,408)
Property and Equipment, Net	25,734	20,136
Other Assets		
Investment, at Fair Market Value	59,307	6,889
Deposits	5,008	5,008
Total Other Assets	64,315	11,897
Total Assets	\$ 1,680,461	\$ 1,027,301
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	\$ 28,098	\$ 13,110
Current portion of Capital lease obligation	14,418	7,392
Salaries and payroll taxes payable	47,148	42,804
Deferred revenue	10,485	-
Due to other entities	7,035	7,034
Total Current Liabilities	107,184	70,340
Long-Term Liabilities		
Capital lease obligation - net of current portion	12,795	8,686
Net Assets		
Unrestricted net assets	550,932	664,608
Temporarily restricted net assets	1,009,550	283,667
Total Net Assets	1,560,482	948,275
Total Liabilities and Net Assets	\$ 1,680,461	\$ 1,027,301

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 \$199,158 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 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	<u>463,435</u>	<u>778,284</u>	<u>1,241,719</u>
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 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	1	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
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
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013

	2014	2013
Schedule of Reconciling Increases in		
Net Assets to Net Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ 612,207	\$ (293,444)
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Depreciation	6,442	2,126
Unrealized gain on investments	(1,373)	(4,933)
Noncash contributions	(39,700)	(28,860)
Noncash expenses	39,700	28,860
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	38,320	199,498
Grant and other receivables	(463,268)	380,000
Prepaid expenses	(8,744)	721
Increase (decrease) in:		
Accounts payable	14,988	(80,883)
Salaries and payroll taxes payable	4,344	6,808
Due to other entities	1	(1)
Deferred revenue	10,485	(400)
Net cash provided by operating activities	213,402	209,492
Cash Flow from Investing Activities:		
Purchase of investments	(51,045)	-
Disposition of fixed asset	9,182	-
Net cash used in investing activities	(41,863)	-
Cash Flow from Financing Activities:		
Payments on capital lease obligation	(10,087)	(6,837)
Net cash used in financing activities	(10,087)	(6,837)
Net Increase in Cash	161,452	202,655
Cash, Beginning of the Year	667,941	465,286
Cash, End of the Year	\$ 829,393	\$ 667,941
 Supplemental Disclosure to Cash Flow Information:		
Cash Paid for Interest	\$ 1,777	\$ 3,118
 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, 2014 and 2013, 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, 2014 and 2013.

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 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, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Office Equipment	\$ 54,668	\$ 65,544
Less: Accumulated Depreciation	<u>28,934</u>	<u>45,408</u>
Property and Equipment, Net	<u>\$ 25,734</u>	<u>\$ 20,136</u>

Depreciation expense for the year ended June 30, 2014 and 2013 was \$6,442 and \$7,039, respectively.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

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:

	2014	2013
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.	\$ 27,213	\$ 16,078
Less: Current maturities	14,418	7,392
Long-term portion of capital lease obligation	\$ 12,795	\$ 8,686

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

Year Ending June 30,	
2015	\$ 14,418
2016	9,008
2017	3,969
	\$ 27,395

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 \$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, 2015. In addition, the Organization leases space in Delaware with monthly payments \$120. The Organization also maintains offsite storage for a monthly fee of \$291. Office and storage rent expense for the years ended June 30, 2014 and 2013 was \$ 57,541 and \$59,817, respectively.

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

Year Ending June 30,	
2015	\$ 59,090
2016	60,684
2017	52,992
Thereafter	-
Total	\$ 172,766

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

7. Non-Cash Contributions

The Organization received \$39,700 and \$28,860 worth of promotional, printing and other expense for a special event during the years ended June 30, 2014 and 2013. 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 Events

During the years ended June 30, 2014 and 2013, the Organization ran its annual 5K run 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:

	2014	2013
Gross revenues collected	\$ 178,993	\$ 119,580
Non-cash contributions	39,700	28,860
Total Revenues	218,693	148,440
Expense:		
Salaries	75,152	41,747
Payroll taxes	2,708	2,046
Consulting	13,392	21,230
Equipment rental	19,071	7,720
Meals and lodging	3,902	2,750
Office	13,054	8,214
Office rent	1,868	1,686
Postage and mailings	1,082	325
Printing	15,128	5,195
Promotion	90,191	15,683
Travel	2,810	2,025
Total expenses	238,358	108,621
Net special events revenue	\$ (19,665)	\$ 39,819

9. Concentration of Credit Risk

As of June 30, 2014 and 2013, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$77,973 and \$174,281 for the years end June 30, 2014 and 2013. 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:

	2014	2013
	\$ 291,800	\$ 81,000
	136,000	-
	489,500	-
	7,250	91,667
	65,000	81,000
	20,000	30,000
Total	\$ 1,009,550	\$ 283,667

11. Contract Revenue

The Organization received awards and contracts under the following programs for the years ended June 30, 2014 and 2013:

	2014	2013
Federal Awards:		
	\$ 21,600	\$ 43,431
	17,869	7,591
	62,200	62,200
Total Federal Awards	101,669	113,222
Non-Federal Contracts	246,389	466,849
Total Contract Revenue	\$ 348,058	\$ 580,071

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. During the year ended June 30, 2014, the Organization provided matching contributions of up to 2% of each employee's contributions towards their 401(K) plans. There were no contributions for the year ended June 30, 2013.

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 December 22, 2014, 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, 2014, 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 December 22, 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.

Jelran & Abraham, P.C.

New Britain, Pennsylvania

December 22, 2014

