

CLEAN AIR COUNCIL

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

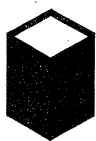
For the Years Ended June 30, 2018 and 2017



JEBRAN & ABRAHAM, PC
Certified Public Accountants and Business Consultants

CLEAN AIR COUNCIL
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For the Years Ended June 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 April 20, 2019, 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.

Jebran & Abraham, P.C.

New Britain, Pennsylvania

April 20, 2019

CLEAN AIR COUNCIL
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 1,161,402	\$ 1,240,141
Contracts receivable	411,213	544,905
Grants and other receivables	400,836	641,150
Prepaid expenses	<u>73,051</u>	<u>67,261</u>
Total Current Assets	<u>2,046,502</u>	<u>2,493,457</u>
Property and Equipment		
Office equipment	31,766	31,766
Less accumulated depreciation	<u>(29,580)</u>	<u>(24,716)</u>
Property and Equipment, Net	<u>2,186</u>	<u>7,050</u>
Other Assets		
Investments, at Fair Market Value	90,447	74,313
Deposits	<u>3,508</u>	<u>3,508</u>
Total Other Assets	<u>93,955</u>	<u>77,821</u>
Total Assets	<u>\$ 2,142,643</u>	<u>\$ 2,578,328</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	\$ 70,264	\$ 94,230
Salaries and payroll taxes payable	72,623	60,110
Due to other entities	<u>-</u>	<u>5,072</u>
Total Current Liabilities	<u>142,887</u>	<u>159,412</u>
Net Assets		
Unrestricted net assets	296,578	311,676
Temporarily restricted net assets	<u>1,703,178</u>	<u>2,107,240</u>
Total Net Assets	<u>1,999,756</u>	<u>2,418,916</u>
Total Liabilities and Net Assets	<u>\$ 2,142,643</u>	<u>\$ 2,578,328</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, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 605,424	\$ -	\$ 605,424
Contributions	595,272	810,228	1,405,500
Contributions - under Special Events	169,721	-	169,721
Memberships	243,017	-	243,017
Noncash contributions	797	-	797
Miscellaneous	15,373	-	15,373
Interest and Dividends	14,654	-	14,654
Unrealized gain (loss) on marketable securities	(8,166)	-	(8,166)
Realized gain on marketable securities	12,951	-	12,951
Net assets released from restrictions -			
Satisfaction of program requirements	1,214,290	(1,214,290)	-
Total Revenue and Support	<u>2,863,333</u>	<u>(404,062)</u>	<u>2,459,271</u>
Expenses			
Program services	2,417,280	-	2,417,280
Supporting	461,151	-	461,151
Total Expenses	<u>2,878,431</u>	<u>-</u>	<u>2,878,431</u>
Changes in Net Assets	(15,098)	(404,062)	(419,160)
Net Assets, Beginning of Year	<u>311,676</u>	<u>2,107,240</u>	<u>2,418,916</u>
Net Assets, End of Year	<u>\$ 296,578</u>	<u>\$ 1,703,178</u>	<u>\$ 1,999,756</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, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 798,341	\$ -	\$ 798,341
Contributions	1,152,499	1,988,918	3,141,417
Memberships	231,917	-	231,917
Miscellaneous	7,185	-	7,185
Interest and Dividends	4,635	-	4,635
Unrealized gain on marketable securities	3,408	-	3,408
Noncash contribution	2,072	-	2,072
Net assets released from restrictions -			
Satisfaction of program requirements	780,900	(780,900)	-
Total Revenue and Support	<u>2,980,957</u>	<u>1,208,018</u>	<u>4,188,975</u>
Expenses			
Program services	2,570,812	-	2,570,812
Supporting	448,872	-	448,872
Total Expenses	<u>3,019,684</u>	<u>-</u>	<u>3,019,684</u>
Changes in Net Assets	(38,727)	1,208,018	1,169,291
Net Assets, Beginning of Year	<u>350,403</u>	<u>899,222</u>	<u>1,249,625</u>
Net Assets, End of Year	<u>\$ 311,676</u>	<u>\$ 2,107,240</u>	<u>\$ 2,418,916</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, 2018

	PROGRAM EXPENSES						SUPPORTING EXPENSES			
	Outdoor Air Quality Education	Transportation Education	Public Awareness Events	Global Warming Education	Other Education	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
Audit fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,596	\$ -	\$ 9,596	\$ 9,596
Consulting fees	210,486	308,267	33,000	8,513	10,825	571,091	30,053	-	30,053	601,144
Employee benefits	61,067	33,225	8,795	21,459	3,177	127,723	19,709	6,433	26,142	153,865
Equipment rental	4,758	2,629	40,354	1,634	242	49,617	1,501	490	1,991	51,608
Insurance	4,415	2,402	1,508	1,551	230	10,106	1,425	465	1,890	11,996
Legal fees	57,329	-	-	-	-	57,329	228	-	228	57,557
Meals and lodging	12,232	584	4,424	29	4	17,273	14,270	68	14,338	31,611
Office	29,031	24,759	26,628	7,024	1,025	88,467	56,756	2,075	58,831	147,298
Office rent	31,824	17,315	5,572	11,183	1,656	67,550	10,271	3,353	13,624	81,174
Payroll taxes	40,603	22,091	2,767	14,268	2,113	81,842	13,104	4,277	17,381	99,223
Postage and mailing	7,051	3,208	-	1,724	255	12,238	1,583	553	2,136	14,374
Printing and design	15,226	5,359	6,245	2,386	353	29,569	2,192	715	2,907	32,476
Promotion	26,344	6,355	43,082	3,029	222	79,032	23,404	107	23,511	102,543
Salaries	561,286	305,386	81,409	197,238	29,203	1,174,522	181,150	59,129	240,279	1,414,801
Telephone	3,943	2,145	-	1,386	205	7,679	1,273	415	1,688	9,367
Travel	30,758	5,862	2,287	3,867	468	43,242	11,133	492	11,625	54,867
Sub-total	1,096,353	739,587	256,071	275,291	49,978	2,417,280	377,648	78,572	456,220	2,873,500
Depreciation	-	-	-	-	-	-	4,864	-	4,864	4,864
Interest	-	-	-	-	-	-	67	-	67	67
	<u>\$ 1,096,353</u>	<u>\$ 739,587</u>	<u>\$ 256,071</u>	<u>\$ 275,291</u>	<u>\$ 49,978</u>	<u>\$ 2,417,280</u>	<u>\$ 382,579</u>	<u>\$ 78,572</u>	<u>\$ 461,151</u>	<u>\$ 2,878,431</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, 2017

	PROGRAM ACTIVITIES							SUPPORTING ACTIVITIES			
	Outdoor Air Quality Education	Energy Education	Public Awareness Education	Transportation Education	Global Warming Education	Other Education	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
Audit Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,282	\$ -	\$ 11,282	\$ 11,282
Consulting fees	295,130	35,074	26,717	366,429	17,624	205	741,179	27,916	-	27,916	769,095
Employee benefits	59,332	1,685	5,400	25,528	19,835	2,948	114,728	19,005	6,597	25,602	140,330
Equipment rental	1,664	47	35,324	716	556	83	38,390	533	185	718	39,108
Insurance	4,421	126	1,772	1,902	1,478	220	9,919	1,416	492	1,908	11,827
Legal fees	83,692	-	-	-	-	-	83,692	1,106	-	1,106	84,798
Meals and lodging	10,213	332	5,014	423	2,139	2	18,123	20,575	248	20,823	38,946
Office	27,594	1,961	23,838	24,825	7,526	1,024	86,768	51,108	2,291	53,399	140,167
Office rent	30,493	866	4,375	13,120	10,194	1,515	60,563	9,767	3,390	13,157	73,720
Payroll taxes	39,732	1,129	2,863	17,095	13,283	1,974	76,076	12,727	4,418	17,145	93,221
Postage and mailing	6,394	172	246	2,939	2,485	279	12,515	1,798	637	2,435	14,950
Printing and design	22,478	250	20,873	4,183	3,738	445	51,967	2,824	980	3,804	55,771
Promotion	35,349	2,398	41,572	8,123	66,423	14	153,879	17,028	32	17,060	170,939
Salaries	546,954	15,536	72,179	235,333	182,847	27,177	1,080,026	175,196	60,813	236,009	1,316,035
Telephone	3,403	97	-	1,464	1,138	169	6,271	1,090	378	1,468	7,739
Travel	27,644	341	2,376	2,935	2,835	585	36,716	9,279	268	9,547	46,263
Sub-Total	1,194,493	60,014	242,549	705,015	332,101	36,640	2,570,812	362,650	80,729	443,379	3,014,191
Depreciation	-	-	-	-	-	-	-	5,355	-	5,355	5,355
Interest	-	-	-	-	-	-	-	138	-	138	138
Total	\$ 1,194,493	\$ 60,014	\$ 242,549	\$ 705,015	\$ 332,101	\$ 36,640	\$ 2,570,812	\$ 368,143	\$ 80,729	\$ 448,872	\$ 3,019,684

The accompanying notes are an integral part of these financial statements

CLEAN AIR COUNCIL
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
Schedule of Reconciling Increases in		
Net Assets to Net Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ (419,160)	\$ 1,169,291
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Depreciation	4,864	5,355
Unrealized gain on investments	8,166	(2,557)
Noncash contributions	(12,200)	(8,100)
Noncash expenses	12,200	8,100
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	133,692	46,332
Grant and other receivables	240,314	(350,314)
Prepaid expenses	(5,790)	(45,796)
Increase (decrease) in:		
Accounts payable	(23,966)	(63,912)
Salaries and payroll taxes payable	12,513	1,612
Refundable advance	(5,072)	(1,963)
Net cash used by operating activities	(54,439)	758,048
Cash Flow from Investing Activities:		
Sale of investments	2,344	-
Purchase of investments	(26,644)	(5,068)
Net cash used in investing activities	(24,300)	(5,068)
Cash Flow from Financing Activities:		
Payments on capital lease obligation	-	(3,969)
Net cash used in financing activities	-	(3,969)
Net Increase (Decrease) in Cash	(78,739)	749,011
Cash, Beginning of the Year	1,240,141	491,130
Cash, End of the Year	\$ 1,161,402	\$ 1,240,141
 Supplemental Disclosure to Cash Flow Information:		
Cash Paid for Interest	\$ 67	\$ 138

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 August, 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, Pittsburgh 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.

Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – represent net assets that are not subject to statutory or donor-imposed stipulations.

Temporarily Restricted Net Assets – represent net assets subject to statutory or donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets – represent net assets subject to donor-imposed stipulations that must be maintained permanently. The Organization does not have any 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 in the accompanying statements of activities and changes in net assets.

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, 2018 and 2017.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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.

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, 2018 and 2017, 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.

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)

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.

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.

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 that are necessary to maintain property and equipment in efficient operating condition are charged to operations. Expenditures in excess of \$5,000 which increase the useful lives of the assets are capitalized.

Property and equipment and accumulated depreciation as of June 30, 2018 and 2017, are as follows:

	<u>2018</u>	<u>2017</u>
Office Equipment	\$ 31,766	\$ 31,766
Less: Accumulated Depreciation	<u>29,580</u>	<u>24,716</u>
Property and Equipment, Net	<u>\$ 2,186</u>	<u>\$ 7,050</u>

Depreciation expense for the year ended June 30, 2018 and 2017 was \$4,864 and \$5,355 respectively.

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for instruments that are indentified or similar in markets that are not active and model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at June 30, 2018 or June 30, 2017.

Corporate stocks and commingled funds (equities and fixed income) – Valued at quoted market prices, which for commingled funds represents the net asset value of shares held by Clean Air Council year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Commitments

The Organization leases its Philadelphia office space with monthly rental payments of \$4,780. There are increases periodically over the lease term, which expires on April 30, 2025. The Organization leases space in Harrisburg with monthly payments of \$250 and in Pittsburgh for \$600 a month. Harrisburg is a month-to-month lease, while Pittsburgh is an annual lease. Additionally, the Organization has membership in a co-working space in Philadelphia, paying \$100 a month for limited use of that location. This co-working space is renewed month-to-month. The Organization also leases space in Wilmington, Delaware for an annual fee. The Organization decides whether to renew for another year at the end of the term for these spaces. Wilmington's space cost \$1,999 for all of 2017 and \$2,107 for all of 2018. Lastly, the Organization maintains offsite storage for a monthly fee of \$585, which is renewed month-to-month.

Office and storage rent expense for the years ended June 30, 2018 and 2017 was \$81,174 and \$73,721, respectively.

**CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS**

5. Commitments (continued)

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

Year Ending June 30,	
2019	\$ 57,648
2020	59,384
2021	61,168
2022	63,000
2023	64,884
2024 and thereafter	<u>123,916</u>
	<u>\$ 430,000</u>

6. Non-Cash Contributions

The Organization received \$12,200 and \$8,100 worth of promotional, printing and other expense for the Organization's annual Run for Clean Air during the years ended June 30, 2018 and 2017.

7. Concentration of Credit Risk

As of June 30, 2018 and 2017, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$411,266 and \$483,611 for the years end June 30, 2018 and 2017. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2018	2017
Outdoor Air Quality Education	\$ 1,218,993	\$ 1,163,784
Transportation Education	456,685	880,456
Global Warming Education	<u>27,500</u>	<u>63,000</u>
Total	<u><u>\$ 1,703,178</u></u>	<u><u>\$ 2,107,240</u></u>

CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS

9. Contract Revenue

The Organization received awards and contracts under the following programs for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Federal Awards:		
US Environmental Protection Agency	\$ 10,460	\$ -
US Department of Transportation	15,647	90,973
Pennsylvania Department of Environmental Protection	-	30,000
Pennsylvania Department of Transportation	<u>163,992</u>	<u>139,320</u>
Total Federal Awards	190,099	260,293
Non-Federal Contracts	<u>415,325</u>	<u>538,048</u>
Total Contract Revenue	<u>\$ 605,424</u>	<u>\$ 798,341</u>

10. 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 years ended June 30, 2018 and 2017, the Organization provided matching contributions of up to 2% of each employee's contributions towards their 401(K) plans.

11. 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 20, 2019, 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, 2018, 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 April 20, 2019.

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.

Jebrau & Abraham, P.C.

New Britain, Pennsylvania

April 20, 2019