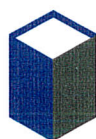


**CLEAN AIR COUNCIL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

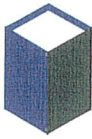
For the Years Ended June 30, 2019 and 2018



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

**CLEAN AIR COUNCIL**  
**TABLE OF CONTENTS**  
For the Years Ended June 30, 2019 and 2018

	<u>Page(s)</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	2-3
<b>FINANCIAL STATEMENTS</b>	
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, 2019 and 2018, 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, 2019 and 2018, 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 July 24, 2020, 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  
August 12, 2020

**CLEAN AIR COUNCIL**  
**STATEMENTS OF FINANCIAL POSITION**  
As of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 596,822	\$ 1,161,402
Contracts receivable	760,091	411,213
Grants and other receivables	651,470	400,836
Prepaid expenses	20,429	73,051
Total Current Assets	<u>2,028,812</u>	<u>2,046,502</u>
Property and Equipment		
Office equipment	31,766	31,766
Less accumulated depreciation	<u>(31,766)</u>	<u>(29,580)</u>
Property and Equipment, Net	<u>-</u>	<u>2,186</u>
Other Assets		
Investments, at Fair Market Value	96,319	90,447
Deposits	<u>5,003</u>	<u>3,508</u>
Total Other Assets	<u>101,322</u>	<u>93,955</u>
Total Assets	<u>\$ 2,130,134</u>	<u>\$ 2,142,643</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 94,716	\$ 70,264
Salaries and payroll taxes payable	67,862	72,623
Total Current Liabilities	<u>162,578</u>	<u>142,887</u>
<b>Net Assets</b>		
Unrestricted net assets	239,049	296,578
Temporarily restricted net assets	<u>1,728,507</u>	<u>1,703,178</u>
Total Net Assets	<u>1,967,556</u>	<u>1,999,756</u>
Total Liabilities and Net Assets	<u>\$ 2,130,134</u>	<u>\$ 2,142,643</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, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contract revenue	\$ 751,891	\$ -	\$ 751,891
Contributions	423,105	1,217,002	1,640,107
Contributions - under Fiscal Sponsorships	150,000	-	150,000
Contributions - under Special Events	160,957	-	160,957
Memberships	157,043	-	157,043
Noncash contributions	6,457	-	6,457
Miscellaneous	2,005	-	2,005
Interest and Dividends	4,684	-	4,684
Unrealized gain on marketable securities	1,218	-	1,218
Net assets released from restrictions -			
Satisfaction of program requirements	1,254,173	(1,254,173)	-
Total Revenue and Support	<u>2,911,533</u>	<u>(37,171)</u>	<u>2,874,362</u>
<b>Expenses</b>			
Program services	2,473,984	-	2,473,984
Supporting	432,578	-	432,578
Total Expenses	<u>2,906,562</u>	<u>-</u>	<u>2,906,562</u>
Changes in Net Assets	4,971	(37,171)	(32,200)
Net Assets, Beginning of Year	296,578	1,703,178	1,999,756
Restatement	(62,500)	62,500	-
	<u>234,078</u>	<u>1,765,678</u>	<u>1,999,756</u>
Net Assets, End of Year	<u>\$ 239,049</u>	<u>\$ 1,728,507</u>	<u>\$ 1,967,556</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>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
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 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	<u>1,214,290</u>	<u>(1,214,290)</u>	<u>-</u>
<b>Total Revenue and Support</b>	<u>2,863,333</u>	<u>(404,062)</u>	<u>2,459,271</u>
<b>Expenses</b>			
Program services	2,417,280	-	2,417,280
Supporting	<u>461,151</u>	<u>-</u>	<u>461,151</u>
<b>Total Expenses</b>	<u>2,878,431</u>	<u>-</u>	<u>2,878,431</u>
<b>Changes in Net Assets</b>	(15,098)	(404,062)	(419,160)
<b>Net Assets, Beginning of Year</b>	<u>311,676</u>	<u>2,107,240</u>	<u>2,418,916</u>
<b>Net Assets, End of Year</b>	<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 FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2019

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,026	\$ -	\$ 9,026	\$ 9,026
Consulting fees	171,810	234,037	20,220	-	-	426,067	30,671	4,313	34,984	461,051
Employee benefits	76,934	33,088	7,290	19,978	5,986	143,275	19,970	7,337	27,308	170,583
Equipment rental	4,225	1,817	40,717	1,097	329	48,184	1,097	403	1,500	49,684
Fiscal Sponsorship grants paid	-	-	-	-	145,500	145,500	-	-	-	145,500
Insurance	5,608	2,412	1,508	1,456	436	11,420	1,456	535	1,991	13,411
Legal fees	12,747	-	-	-	-	12,747	1,523	-	1,523	14,270
Meals and lodging	10,334	528	2,528	333	982	14,705	16,536	212	16,748	31,453
Office	29,570	18,086	28,226	5,893	1,729	83,504	38,575	2,238	40,813	124,316
Office rent	43,432	18,680	6,030	11,278	3,379	82,799	11,274	4,142	15,416	98,216
Payroll taxes	48,442	20,834	2,696	12,579	3,769	88,319	12,574	4,620	17,194	105,513
Postage and mailing	6,700	2,301	8	1,265	379	10,652	1,265	465	1,730	12,382
Printing and design	21,285	4,882	3,634	2,343	880	33,024	2,342	861	3,203	36,227
Promotion	14,801	13,907	33,193	48	12,311	74,259	6,714	87	6,800	81,060
Salaries	671,483	288,794	68,940	174,365	52,243	1,255,825	174,302	64,041	238,343	1,494,168
Telephone	5,136	2,328	-	1,334	400	9,197	1,333	490	1,823	11,020
Travel	23,635	3,641	1,728	3,847	1,655	34,506	11,702	289	11,991	46,496
Sub-total	1,146,141	645,335	216,717	235,815	229,976	2,473,984	340,361	90,032	430,393	2,904,377
Depreciation	-	-	-	-	-	-	2,186	-	2,186	2,186
	<u>\$1,146,141</u>	<u>\$ 645,335</u>	<u>\$216,717</u>	<u>\$235,815</u>	<u>\$229,976</u>	<u>\$2,473,984</u>	<u>\$342,547</u>	<u>\$ 90,032</u>	<u>\$432,578</u>	<u>\$2,906,562</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	Energy Education	Public Awareness Education	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
Total	<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**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2019 and 2018

	2019	2018
<b>Schedule of Reconciling Increases in</b>		
<b>Net Assets to Net Cash Flows from Operating Activities</b>		
Increase (Decrease) in net assets	\$ (32,200)	\$ (419,160)
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Depreciation	2,186	4,864
Unrealized gain on investments	(1,218)	8,166
Noncash contributions	(6,430)	(12,200)
Noncash expenses	6,430	12,200
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	(348,878)	133,692
Grant and other receivables	(250,634)	240,314
Prepaid expenses	52,622	(5,790)
Deposits	(1,495)	-
Increase (decrease) in:		
Accounts payable	24,452	(23,966)
Salaries and payroll taxes payable	(4,761)	12,513
Refundable advance	-	(5,072)
Net cash used by operating activities	(559,926)	(54,439)
<b>Cash Flow from Investing Activities:</b>		
Sale of investments	-	2,344
Purchase of investments	(4,654)	(26,644)
Net cash used in investing activities	(4,654)	(24,300)
<b>Cash Flow from Financing Activities:</b>		
Payments on capital lease obligation	-	-
Net cash used in financing activities	-	-
<b>Net (Decrease) in Cash</b>	(564,580)	(78,739)
<b>Cash, Beginning of the Year</b>	1,161,402	1,240,141
<b>Cash, End of the Year</b>	\$ 596,822	\$ 1,161,402
<b>Supplemental Disclosure to Cash Flow Information:</b>		
Cash Paid for Interest	\$ -	\$ 67

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 and Pittsburgh, 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.

#### 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.

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

---

**2. Summary of Significant Accounting Policies (continued)**

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, 2019 and 2018.

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, 2019 and 2018, 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.

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

---

**2. Summary of Significant Accounting Policies (continued)**

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.

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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification deficiencies in the information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

**CLEAN AIR COUNCIL  
NOTES TO FINANCIAL STATEMENTS**

---

**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, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Office Equipment	\$ 31,766	\$ 31,766
Less: Accumulated Depreciation	<u>31,766</u>	<u>29,580</u>
Property and Equipment, Net	<u>\$ -</u>	<u>\$ 2,186</u>

Depreciation expense for the year ended June 30, 2019 and 2018 was \$2,186 and \$4,864 respectively.

**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 identified 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, 2019 or June 30, 2018.

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.

**CLEAN AIR COUNCIL  
NOTES TO FINANCIAL STATEMENTS**

**4. Fair Value Measurements (continued)**

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 \$4,924. There are increases periodically over the lease term, which expires on April 30, 2025. The Organization also leases an extension of its Philadelphia office space at the cost of \$1,460 a month. There are increases periodically over the lease term for the extension space, which expires on May 31, 2021. The Organization leased space in Harrisburg with monthly payments of \$250 but ended its lease July, 2018. It also leases office space in Pittsburgh for \$840 a month and renews this lease annually. Additionally, the Organization had membership in a co-working space in Philadelphia, paying \$100 a month for limited use of that location, but ended this arrangement at the end of February, 2019. 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 \$2,107 for all of 2018 and \$2,053 for all of 2019. Lastly, the Organization maintains additional storage onsite for an annual fee of \$300 and offsite storage for a monthly fee of \$624, which is renewed month-to-month.

Office and storage rent expense for the years ended June 30, 2019 and 2018 was \$98,216 and \$81,174, respectively.

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

<u>Year Ending June 30, 2019</u>	
2020	\$ 76,939
2021	77,613
2022	63,000
2023	64,884
2024	66,836
2025 and thereafter	<u>57,080</u>
	<u>\$ 406,352</u>

**6. Non-Cash Contributions**

The Organization received \$6,430 and \$12,200 worth of promotional, printing and other expense for the Organization's annual Run for Clean Air during the years ended June 30, 2019 and 2018.

**7. Concentration of Credit Risk**

As of June 30, 2019 and 2018, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$288,712 and \$411,266 for the years end June 30, 2019 and 2018. 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**

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Outdoor Air Quality Education	\$ 1,033,642	\$ 1,218,993
Transportation Education	679,465	456,685
Global Warming Education	<u>15,400</u>	<u>27,500</u>
Total	<u>\$ 1,728,507</u>	<u>\$ 1,703,178</u>

**9. Contract Revenue**

The Organization received awards and contracts under the following programs for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Federal Awards:		
US Environmental Protection Agency	\$ 14,540	\$ 10,460
US Department of Transportation	84,426	15,647
Pennsylvania Department of Transportation	<u>169,713</u>	<u>163,992</u>
Total Federal Awards	268,679	190,099
Non-Federal Contracts	<u>483,212</u>	<u>415,325</u>
Total Contract Revenue	<u>\$ 751,891</u>	<u>\$ 605,424</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, 2019 and 2018, 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 July 30, 2020, the date that the financial statements were available to be issued



**CLEAN AIR COUNCIL  
NOTES TO FINANCIAL STATEMENTS**

**12. Liquidity and Availability of Financial Assets**

The Organization's financial assets available for general expenditure within one year of the balance sheet date are as follows:

Cash and cash equivalents	\$ 596,822
Investments	96,319
Deposits	<u>5,003</u>
Total financial assets	<u>\$ 698,144</u>

The Organization's liquidity management includes a policy of structuring its financial assets to be available to meet its grant-making and general expenditures. Cash and cash equivalents and investments are the primary liquid resources used by the Organization to meet these obligations.

**13. Restatement**

It came to the attention of management that the Aetna Foundation grant received in fiscal year-end June 30, 2018 had time restrictions placed on the grant. Funds should have been restricted to future periods. This restatement is being made to properly reflect the amounts of net assets with donor restrictions and net assets without donor restrictions.

**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, 2019, 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 August 12, 2020.

**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 purposes.

*Jebran & Abraham, P.C.*

New Britain, Pennsylvania  
August 12, 2020