

CLEAN AIR COUNCIL

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2020 and 2019



JEBRAN & ABRAHAM, PC
Certified Public Accountants and Business Consultants

CLEAN AIR COUNCIL
TABLE OF CONTENTS
For the Years Ended June 30, 2020 and 2019

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



JEBRAN & ABRAHAM, PC

Certified Public Accountants and Business Consultants

350 E. Butler Avenue • Suite 202 • New Britain, Pennsylvania 18901
www.JebranCPAs.com

Telephone: (267) 477-1061
Fax: (267) 654-1328

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, 2020 and 2019, 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, 2020 and 2019, 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 May 14, 2021, 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.

Jelran & Abraham, P.C.

New Britain, Pennsylvania

May 14, 2021

CLEAN AIR COUNCIL
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 1,484,922	\$ 596,822
Contracts receivable	401,999	760,091
Grants and other receivables	90,977	651,468
Prepaid expenses	19,439	20,430
Total Current Assets	1,997,337	2,028,811
Property and Equipment		
Office equipment	31,766	31,766
Less accumulated depreciation	(31,766)	(31,766)
Property and Equipment, Net	-	-
Other Assets		
Investments, at Fair Market Value	110,068	96,319
Deposits	5,003	5,003
Total Other Assets	115,071	101,322
Total Assets	\$ 2,112,408	\$ 2,130,133
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	\$ 18,792	\$ 94,716
Salaries and payroll taxes payable	68,442	67,861
SBA PPP Loan	293,711	-
Total Current Liabilities	380,945	162,577
Net Assets		
Net assets without restriction	378,769	239,049
Net assets with restriction	1,352,694	1,728,507
Total Net Assets	1,731,463	1,967,556
Total Liabilities and Net Assets	\$ 2,112,408	\$ 2,130,133

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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 737,965	\$ -	\$ 737,965
Contributions	455,975	741,328	1,197,303
Contributions - under Fiscal Sponsorships	72,455	-	72,455
Memberships	120,325	-	120,325
Noncash contributions	9,257	-	9,257
Miscellaneous	14,689	-	14,689
Interest and Dividends	8,141	-	8,141
Unrealized gain on marketable securities	508	-	508
Net assets released from restrictions -			
Satisfaction of program requirements	1,117,141	(1,117,141)	-
Total Revenue and Support	<u>2,536,456</u>	<u>(375,813)</u>	<u>2,160,643</u>
Expenses			
Program services	2,027,926	-	2,027,926
Supporting	368,810	-	368,810
Total Expenses	<u>2,396,736</u>	<u>-</u>	<u>2,396,736</u>
Changes in Net Assets	139,720	(375,813)	(236,093)
Net Assets, Beginning of Year	<u>239,049</u>	<u>1,728,507</u>	<u>1,967,556</u>
Net Assets, End of Year	<u>\$ 378,769</u>	<u>\$ 1,352,694</u>	<u>\$ 1,731,463</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

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 751,891	\$ -	\$ 751,891
Contributions	584,062	1,217,002	1,801,064
Contributions - under Fiscal Sponsorship	150,000	-	150,000
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>
Expenses			
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	234,078	1,765,678	1,999,756
	<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 FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	PROGRAM EXPENSES					SUPPORTING EXPENSES				Total Expenses
	Outdoor Air Quality Education	Transportation Education	Public Awareness Events	Global Warming Education	Other Education	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	
Consulting fees	\$ 41,796	\$ 172,206	\$ 18,091	\$ -	\$ 8,480	\$ 240,573	\$ 34,009	\$ 3,000	\$ 37,009	\$ 277,582
Employee benefits	72,824	26,428	5,695	20,729	7,994	133,669	15,176	6,741	21,917	155,586
Equipment rental	4,898	1,848	20,244	1,394	538	28,921	1,021	453	1,474	30,395
Fiscal Sponsorship grants paid	-	-	-	-	67,255	67,255	-	-	-	67,255
Insurance	5,432	1,971	1,043	1,546	596	10,588	1,132	503	1,635	12,223
Professional fees	764	-	-	-	-	764	2,110	-	2,110	2,874
Meals and lodging	5,642	234	850	-	-	6,726	6,395	87	6,482	13,208
Office	34,057	16,638	15,206	5,904	2,185	73,990	45,773	1,843	47,616	121,605
Office rent	44,755	16,242	6,523	12,739	4,913	85,172	9,327	4,143	13,470	98,643
Payroll taxes	47,290	17,162	1,784	13,461	5,191	84,887	9,855	4,378	14,233	99,120
Postage and mailing	5,830	2,137	42	1,576	608	10,192	1,154	512	1,666	11,858
Printing and design	7,343	3,082	1,244	1,943	749	14,361	1,422	632	2,054	16,415
Promotion	2,163	2,490	31,477	-	14,950	51,079	10,515	-	10,515	61,595
Salaries	652,248	236,707	52,014	185,656	71,596	1,198,221	135,926	60,379	196,305	1,394,526
Telephone	5,140	2,103	-	1,463	564	9,269	1,071	476	1,547	10,816
Travel	10,166	817	556	63	655	12,257	10,777	-	10,777	23,033
Sub-total	940,347	500,065	154,769	246,473	186,272	2,027,926	285,663	83,147	368,810	2,396,736
Depreciation	-	-	-	-	-	-	-	-	-	-
	<u>\$ 940,347</u>	<u>\$ 500,065</u>	<u>\$ 154,769</u>	<u>\$ 246,473</u>	<u>\$ 186,272</u>	<u>\$ 2,027,926</u>	<u>\$ 285,663</u>	<u>\$ 83,147</u>	<u>\$ 368,810</u>	<u>\$ 2,396,736</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	Energy Education	Public Awareness Education	Global Warming Education	Other Education	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
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	143,276	19,970	7,337	27,307	170,583
Equipment rental	4,225	1,817	40,717	1,097	329	48,185	1,097	403	1,500	49,685
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
Professional fees	12,747	-	-	-	-	12,747	10,549	-	10,549	23,296
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	124,317
Office rent	43,432	18,680	6,030	11,278	3,379	82,799	11,274	4,142	15,416	98,215
Payroll taxes	48,442	20,834	2,696	12,579	3,769	88,320	12,574	4,620	17,194	105,514
Postage and mailing	6,700	2,301	8	1,265	379	10,653	1,265	465	1,730	12,383
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	74,260	6,714	87	6,801	81,061
Salaries	671,483	288,794	68,940	174,365	52,242	1,255,823	174,302	64,041	238,343	1,494,166
Telephone	5,136	2,328	-	1,334	400	9,198	1,333	490	1,823	11,021
Travel	23,635	3,641	1,728	3,847	1,655	34,506	11,702	288	11,989	46,495
Sub-Total	1,146,141	645,335	216,717	235,815	229,976	2,473,984	340,361	90,032	430,392	2,904,376
Depreciation	-	-	-	-	-	-	2,186	-	2,186	2,186
Total	\$ 1,146,141	\$ 645,335	\$ 216,717	\$ 235,815	\$ 229,976	\$ 2,473,984	\$ 342,547	\$ 90,032	\$ 432,578	\$ 2,906,562

The accompanying notes are an integral part of these financial statements

CLEAN AIR COUNCIL
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
Schedule of Reconciling Increases in		
Net Assets to Net Cash Flows from Operating Activities		
Decrease in net assets	\$ (236,093)	\$ (32,200)
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Depreciation	-	2,186
Unrealized gain on investments	(508)	(1,218)
Noncash contributions	(9,257)	(6,457)
Noncash expenses	-	6,457
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	358,092	(348,878)
Grant and other receivables	560,491	(250,632)
Prepaid expenses	991	52,621
Deposits	-	(1,495)
Accounts payable	(75,925)	24,452
Salaries and payroll taxes payable	582	(4,762)
Net cash used by operating activities	598,373	(559,926)
Cash Flow from Investing Activities:		
Purchase of investments	(3,984)	(4,654)
Net cash used in investing activities	(3,984)	(4,654)
Cash Flow from Financing Activities:		
Proceeds from SBA PPP	293,711	-
Net cash used in financing activities	293,711	-
Net (Decrease) in Cash	888,100	(564,580)
Cash, Beginning of the Year	596,822	1,161,402
Cash, End of the Year	\$ 1,484,922	\$ 596,822
 Supplemental Disclosure to Cash Flow Information:		
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 two classes of net assets: net assets without restriction and net assets with restriction.

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

Net Assets without Restriction – represent net assets that are not subject to statutory or donor-imposed stipulations.

Net Assets with Restriction– 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, as well as permanently restricted asset. The Organization currently does not have permanently restricted 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, 2020 and 2019.

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, 2020 and 2019, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. Either these services 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, 2020 and 2019, are as follows:

	2020	2019
Office Equipment	\$ 31,766	\$ 31,766
Less: Accumulated Depreciation	31,766	31,766
Property and Equipment, Net	\$ -	\$ -

Depreciation expense for the year ended June 30, 2020 and 2019 was zero and \$2,186 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, 2020 or June 30, 2019.

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 at 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 \$5,072. 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 \$1,495 a month, which expires on May 31, 2021. It also leases office space in Pittsburgh for \$840 a month and renews this lease annually. 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 \$2,053 for 2020 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 \$690, which is renewed month-to-month.

Office and storage rent expense for the years ended June 30, 2020 and 2019 was \$98,641 and \$98,216, respectively.

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

Year Ending June 30, 2020	
2021	\$ 77,613
2022	63,000
2023	64,884
2024	66,836
2025 and thereafter	57,080
	<u>\$ 329,413</u>

6. Non-Cash Contributions

The Organization received zero and \$6,430 worth of promotional, printing and other expense for the Organization's annual Run for Clean Air during the years ended June 30, 2020 and 2019.

7. Concentration of Credit Risk

As of June 30, 2020 and 2019, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$975,060 and \$288,712 for the years end June 30, 2020 and 2019. 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. Net Assets with Restriction

Temporarily restricted net assets are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Outdoor Air Quality Education	\$ 1,013,229	\$ 1,033,642
Transportation Education	339,465	679,465
Global Warming Education	<u>-</u>	<u>15,400</u>
Total	<u>\$ 1,352,694</u>	<u>\$ 1,728,507</u>

9. Contract Revenue

The Organization received awards and contracts under the following programs for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Federal Awards:		
US Environmental Protection Agency	\$ 18,400	\$ 14,540
US Department of Transportation	30,964	84,426
Pennsylvania Department of Transportation	<u>133,004</u>	<u>169,713</u>
Total Federal Awards	182,368	268,679
Non-Federal Contracts	<u>555,597</u>	<u>483,212</u>
Total Contract Revenue	<u>\$ 737,965</u>	<u>\$ 751,891</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, 2020 and 2019, the Organization provided matching contributions of up to 2% of each employee's contributions towards their 401(K) plans.

11. 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	\$ 1,484,922
Investments	110,068
Deposits	<u>5,003</u>
Total financial assets	<u>\$ 1,599,993</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.

**CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS**

12. Note Payable – SBA PPP

The Company applied for and received a Paycheck Protection Program (“PPP”) loan under a new federal program designed to support small businesses during the pandemic. The PPP loan program was part of The CARES Act, which was signed into law on March 27, 2020 and is being implemented by the SBA with cooperation from private banks. PPP loans may be fully or partially forgiven by application to the SBA if proceeds are expended based on federal guidelines. Management applied for the PPP loan to fund payroll and other allowable costs while the Company responded to government restrictions on business operations and anticipated reduced revenues from the economic downturn associated with the pandemic. A loan in the amount of \$293,711 was received and deposited May 2020. Management anticipates that all of this loan will qualify for loan forgiveness since it will be spent in accordance with federal regulations relating to the use of funds during the 24 weeks following the deposit of loan proceeds.

13. COVID-19

On March 11, 2020, the World Health Organization declared the new strain of the coronavirus (COVID-19) a global pandemic. The Organization was impacted financially by the global COVID-19 pandemic during this fiscal year. The 2020 Run for Clean Air became a virtual event and lost sponsorship and registration fees due to lower attendance. Some of the work the Council staff does for its governmental contracts were limited, since in person meetings and interactions were no longer possible. This too resulted in a reduction in revenue, because the Council could not complete all the work it had agreed to do. Thankfully, the Organization has continued to operate at full capacity, because of the PPP loan it received. There have been no staff layoffs and none are anticipated. The Organization’s staff has adjusted to working remotely, since we issued a work from home policy starting March 16, 2020. The Council believes it is in a good financial position now and for the foreseeable future despite the pandemic.

14. Date of Managements Review

In preparing the financial statements, the Organization has evaluated the events and transactions for potential recognition or disclosure through May 14, 2021, the date that the financial statements were available to be issued.

SUPPLEMENTAL
INFORMATION



JEBRAN & ABRAHAM, PC

Certified Public Accountants and Business Consultants

350 E. Butler Avenue • Suite 202 • New Britain, Pennsylvania 18901

www.JebranCPAs.com

Telephone: (267) 477-1061

Fax: (267) 654-1328

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, 2020, 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 May 14, 2021.

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.

Gelbran & Abraham, P.C.

New Britain, Pennsylvania
May 14, 2021