

CLEAN AIR COUNCIL  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2022 and 2021



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

CLEAN AIR COUNCIL  
TABLE OF CONTENTS  
For the Years Ended June 30, 2022 and 2021

	<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	10-15
Independent Auditors' Report on Compliance	17-18



# JEBRAN & ABRAHAM, PC

Certified Public Accountants and Business Consultants

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

[www.JebranCPAs.com](http://www.JebranCPAs.com)

## INDEPENDENT AUDITORS' REPORT

Telephone: (267) 477-1061

Fax: (267) 654-1328

The Board of Directors  
Clean Air Council  
Philadelphia, Pennsylvania

### Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clean Air Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean Air Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

Individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clean Air Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean Air Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, 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  
June 15, 2023

**CLEAN AIR COUNCIL**  
**STATEMENTS OF FINANCIAL POSITION**  
As of June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash	\$ 1,678,362	\$ 1,282,133
Contracts receivable	516,272	444,106
Grants and other receivables	425,564	1,033,470
Prepaid expenses	20,105	24,554
Total Current Assets	2,640,303	2,784,263
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	146,602	164,230
Deposits	5,003	5,003
Total Other Assets	151,605	169,233
Total Assets	\$ 2,791,908	\$ 2,953,496
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 61,432	\$ 37,866
Salaries and payroll taxes payable	93,797	73,810
SBA PPP Loan	-	93,539
Total Current Liabilities	155,229	205,215
<b>Net Assets</b>		
Net assets without restriction	1,069,839	795,887
Net assets with restriction	1,566,840	1,952,394
Total Net Assets	2,636,679	2,748,281
Total Liabilities and Net Assets	\$ 2,791,908	\$ 2,953,496

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contract revenue	\$ 543,596	\$ -	\$ 543,596
Contributions	1,388,456	601,950	1,990,406
Memberships	183,804	-	183,804
Noncash contributions	32,232	-	32,232
Miscellaneous	805	-	805
Interest and Dividends	15,546	-	15,546
Unrealized loss on marketable securities	(52,740)	-	(52,740)
Realized gain on marketable securities	14,708	-	14,708
Net assets released from restrictions:			
Satisfaction of program requirements	987,504	(987,504)	-
<b>Total Revenue and Support</b>	<b>3,113,911</b>	<b>(385,554)</b>	<b>2,728,357</b>
<b>Expenses</b>			
Program services	2,437,173	-	2,437,173
Supporting	402,786	-	402,786
<b>Total Expenses</b>	<b>2,839,959</b>	<b>-</b>	<b>2,839,959</b>
<b>Changes in Net Assets</b>	273,952	(385,554)	(111,602)
<b>Net Assets, Beginning of Year</b>	<b>795,887</b>	<b>1,952,394</b>	<b>2,748,281</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,069,839</b>	<b>\$ 1,566,840</b>	<b>\$ 2,636,679</b>

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, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b>Revenue and Support</b>			
Contract revenue	\$ 587,455	\$ -	\$ 587,455
Contributions	980,269	1,673,400	2,653,669
Memberships	141,778	-	141,778
Noncash contributions	12,940	-	12,940
Miscellaneous	350	-	350
Interest and Dividends	3,677	-	3,677
Unrealized gain on marketable securities	40,416	-	40,416
Net assets released from restrictions -			
Satisfaction of program requirements	<u>1,073,700</u>	<u>(1,073,700)</u>	<u>-</u>
Total Revenue and Support	<u>2,840,585</u>	<u>599,700</u>	<u>3,440,285</u>
<b>Expenses</b>			
Program services	1,995,461	-	1,995,461
Supporting	<u>428,006</u>	<u>-</u>	<u>428,006</u>
Total Expenses	<u>2,423,467</u>	<u>-</u>	<u>2,423,467</u>
<b>Changes in Net Assets</b>	417,118	599,700	1,016,818
<b>Net Assets, Beginning of Year</b>	<u>378,769</u>	<u>1,352,694</u>	<u>1,731,463</u>
<b>Net Assets, End of Year</b>	<u>\$ 795,887</u>	<u>\$ 1,952,394</u>	<u>\$ 2,748,281</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, 2022

	PROGRAM EXPENSES					SUPPORTING EXPENSES			
	Outdoor Air Quality Education	Transportation Education	Global Warming Education	Other Education	Total Program Expenses	General & Administrative	Fundraising	Total Supporting Expenses	Total Expenses
Consulting fees	\$ 130,682	\$ 110,930	\$ 30,271	\$ 5,482	\$ 277,365	\$ 5,182	\$ 30,960	\$ 36,142	\$ 313,507
Employee benefits	63,220	27,478	56,159	12,740	159,597	12,042	11,429	23,471	183,068
Equipment rental	3,179	1,382	2,824	641	8,026	606	575	1,181	9,207
Insurance	4,049	1,760	3,597	816	10,221	771	732	1,503	11,724
Professional fees	17,817	373	762	2,300	21,252	6,128	-	6,128	27,380
Meals and lodging	2,461	-	-	-	2,461	5,360	-	5,360	7,821
Office expense	36,629	32,973	30,700	6,939	107,241	13,661	25,194	38,855	146,095
Office rent	31,235	13,576	27,746	6,294	78,851	5,950	5,646	11,596	90,447
Payroll taxes	43,964	19,109	39,053	8,859	110,985	8,374	7,948	16,322	127,307
Postage and mailing	3,482	449	841	191	4,963	180	7,302	7,482	12,445
Printing and design	2,928	22,429	874	198	26,430	187	12,652	12,839	39,269
Promotion	7,791	65,423	3,073	7,197	83,484	659	6,872	7,531	91,015
Salaries	607,382	263,994	539,542	122,394	1,533,313	115,693	109,804	225,497	1,758,810
Telephone	3,473	1,747	3,085	700	9,004	661	628	1,289	10,293
Travel	1,421	2,470	-	89	3,980	4,974	-	4,974	8,954
Sub-total	959,713	564,093	738,527	174,840	2,437,173	180,428	219,742	400,170	2,837,343
Interest	-	-	-	-	-	2,616	-	2,616	2,616
	<u>\$ 959,713</u>	<u>\$ 564,093</u>	<u>\$ 738,527</u>	<u>\$ 174,840</u>	<u>\$ 2,437,173</u>	<u>\$ 183,044</u>	<u>\$ 219,742</u>	<u>\$ 402,786</u>	<u>\$ 2,839,959</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, 2021

	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	85,034	133,313	7,700	6,594	1,859	234,500	3,269	27,938	31,207	265,707			
Employee benefits	69,383	24,452	3,971	23,794	6,708	128,309	11,795	16,738	28,534	156,842			
Equipment rental	3,101	1,093	-	1,064	300	5,558	527	748	1,275	6,833			
Insurance	4,706	1,658	-	1,614	455	8,433	800	1,135	1,935	10,368			
Professional fees	11,856	2,527	-	2,459	1,424	18,267	5,034	-	5,034	23,301			
Meals and lodging	-	-	-	-	-	-	3,991	-	3,991	3,991			
Office	32,515	20,577	5,552	10,666	3,007	72,316	9,467	8,291	17,757	90,074			
Office rent	42,663	15,036	6,887	14,631	4,125	83,342	7,253	10,292	17,545	100,887			
Payroll taxes	47,667	16,799	1,385	16,347	4,609	86,808	8,104	11,500	19,603	106,411			
Postage and mailing	6,213	1,157	6	1,035	292	8,703	513	2,720	3,234	11,936			
Printing and design	3,490	1,240	200	512	4,144	9,586	254	9,134	9,388	18,974			
Promotion	14,255	10,458	23,586	3,486	9,733	61,519	1,728	2,453	4,181	65,700			
Salaries	683,311	240,816	39,543	234,333	66,064	1,264,067	116,165	164,846	281,011	1,545,078			
Telephone	4,410	1,792	-	1,512	426	8,140	750	1,064	1,813	9,953			
Travel	661	-	45	-	89	795	1,498	-	1,498	2,294			
Uncollectable bad debts	1,852	-	1,500	1,766	-	5,118	-	-	-	5,118			
<b>Total</b>	<b>\$ 1,011,118</b>	<b>\$ 470,919</b>	<b>\$ 90,375</b>	<b>\$ 319,813</b>	<b>\$ 103,236</b>	<b>\$ 1,995,461</b>	<b>\$ 171,147</b>	<b>\$ 256,859</b>	<b>\$ 428,006</b>	<b>\$ 2,423,467</b>			

The accompanying notes are an integral part of these financial statements.

**CLEAN AIR COUNCIL**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>Schedule of Reconciling Increases in</b>		
<b>Net Assets to Net Cash Flows from Operating Activities</b>		
Increase (Decrease) in net assets	\$ (111,602)	\$ 1,016,818
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Unrealized loss (gain) on investments	52,740	(40,416)
Forgiveness of SBA PPP	(93,539)	(200,172)
Noncash contributions	(32,232)	(12,940)
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	(72,166)	(42,107)
Grant and other receivables	607,906	(942,493)
Prepaid expenses	4,449	(5,115)
Accounts payable	23,566	19,074
Salaries and payroll taxes payable	19,987	5,368
Net cash provided (used) by operating activities	399,109	(201,983)
<b>Cash Flow from Investing Activities:</b>		
Purchase of investments	(2,880)	(806)
Net cash used in investing activities	(2,880)	(806)
<b>Net Increase (Decrease) in Cash</b>	396,229	(202,789)
<b>Cash, Beginning of the Year</b>	1,282,133	1,484,922
<b>Cash, End of the Year</b>	\$ 1,678,362	\$ 1,282,133

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, 2022 and 2021.

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 net assets with restriction 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, net asset with restriction are reclassified as net assets without restriction 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, 2022 and 2021, many individuals volunteered their time and performed a variety of tasks that assisted the Organization. Most of 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. One engineering consultant did donate professional services valued at \$21,084 and was recognized accordingly.

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.

CLEAN AIR COUNCIL  
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

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.

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.

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, 2022 or June 30, 2021.

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 \$5,380. There are increases periodically over the lease term, which expires on April 30, 2025. The Organization also paid for additional space on the same floor at a cost of \$1,495 a month, but that lease expired November, 2021. It also leases office space in Pittsburgh for \$706 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. The cost for the Wilmington's space was \$2,053 for all of 2021 and \$2,053 for all of 2022. Lastly, the Organization maintains additional storage onsite for an annual fee of \$680 and offsite storage for a monthly fee of \$884, which is renewed month-to-month.

Office and storage rent expense for the years ended June 30, 2022 and 2021 was 90,447 and \$100,887, respectively.

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

<u>Year Ending</u> <u>June 30, 2022</u>	
2023	64,884
2024	66,836
2025 and thereafter	<u>57,080</u>
	<u>\$ 188,800</u>

**6. Non-Cash Contributions**

The Organization received stock donations, which are recorded at market value. For the year ended June 30, 2022 and 2021, this amount was \$11,148 and \$12,940, respectively.

**7. Concentration of Credit Risk**

As of June 30, 2022 and 2021, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$917,109 and \$509,815 for the years end June 30, 2022 and 2021. 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**

Net assets with restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Outdoor Air Quality Education	\$ 628,824	\$ 1,120,729
Transportation Education	566,566	802,665
Global Warming Education	293,750	-
Other Education	<u>76,700</u>	<u>29,000</u>
Total	<u>\$ 1,565,840</u>	<u>\$ 1,952,394</u>

**9. Contract Revenue**

The Organization received awards and contracts under the following programs for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Federal Awards:		
US Environmental Protection Agency	\$ 1,600	\$ -
US Department of Transportation	126,141	76,230
Federal Energy Regulatory Commission	4,000	-
Pennsylvania Department of Transportation	<u>117,304</u>	<u>123,839</u>
Total Federal Awards	249,045	200,069
Non-Federal Contracts	<u>294,552</u>	<u>387,386</u>
Total Contract Revenue	<u>\$ 543,597</u>	<u>\$ 587,455</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. From July 1, 2020 through December 31, 2021 the Organization provided matching contributions of up to 2% of each employee's contributions towards their 401(K) plans. Beginning January 1, 2022, the Organization provided matching contributions of up to 3% of each employee's contributions towards their 401(K) plans. For the years ended June 30, 2022 and 2021, the amounts were \$30,246 and \$21,021, respectively.

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

**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	\$ 1,678,362
Investments	146,602
Deposits	<u>5,003</u>
Total financial assets	<u><u>\$ 1,829,967</u></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.

**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 were 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. The full amount was spent by the Council in prior periods and was fully forgiven September, 2021.

**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 continued to be impacted financially by the global COVID-19 pandemic during this fiscal year. Clean Air Council decided to no longer hold either of its fundraising events after facing continued complications due to the pandemic. Thankfully, the Organization continues to operate at full capacity. There have been no staff layoffs and none are anticipated. While the Organization's staff has been allowed to return to working from the office if they desire, the Organization now permanently follows a hybrid work model and staff can always elect to work from home. The Council continues to believe 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 June 15, 2023, 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, 2022, 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 June 15, 2023.

#### 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.

*Jebian & Abraham, P.C.*

New Britain, Pennsylvania

June 15, 2023