

CLEAN AIR COUNCIL

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

For the Years Ended June 30, 2024 and 2023



Jebran & Abraham, PC
Certified Public Accountants and Business Consultants

CLEAN AIR COUNCIL
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For the Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

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, 2024 and 2023, and the related statements of activities and change in net assets, 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, 2024 and 2023, and the statement of activities and changes in net assets, functional expense 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 August 19, 2025, 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.

Report on Summarized Comparative Information

We have previously audited the Clean Air Council 2023 financial statements and we expressed an unmodified opinion on those financial statements in our report dated July 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Jebian & Abraham, P.C.

New Britain, Pennsylvania

August 19, 2025

CLEAN AIR COUNCIL
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 2,275,888	\$ 2,750,342
Contracts receivable	780,909	530,997
Grants and other receivables	394,000	996,000
Prepaid expenses	38,127	24,238
Total Current Assets	3,488,924	4,301,577
Property and Equipment		
Office equipment	10,000	31,766
Less accumulated depreciation	(1,000)	(31,766)
Property and Equipment, Net	9,000	-
Other Assets		
Operating lease right-of-use assets	300,355	106,153
Investments, at Fair Market Value	179,071	161,267
Deposits	3,128	5,003
Total Other Assets	482,554	272,423
Total Assets	\$ 3,980,478	\$ 4,574,000
 LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts payable	\$ 66,616	\$ 59,729
Salaries and payroll taxes payable	124,121	93,170
Operating lease liability	51,044	63,845
Capitalized copier lease	3,116	-
Total Current Liabilities	244,897	216,744
Long-Term Liabilities		
Operating lease liability, less current portion	247,735	42,308
Capitalized copier lease, less current portion	5,855	-
Total Long-Term Liabilities	253,590	42,308
Net Assets		
Net assets without restriction	1,617,492	1,489,608
Net assets with restriction	1,864,499	2,825,340
Total Net Assets	3,481,991	4,314,948
Total Liabilities and Net Assets	\$ 3,980,478	\$ 4,574,000

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, 2024

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 1,000,697	\$ -	\$ 1,000,697
Contributions	685,225	1,176,733	1,861,958
Memberships	157,608	-	157,608
Noncash contributions	13,273	-	13,273
Other Revenue	33,695	-	33,695
Interest and Dividends	62,993	-	62,993
Unrealized gain on marketable securities	6,480	-	6,480
Realized gain on marketable securities	(223)	-	(223)
Net assets released from restrictions:			
Satisfaction of program requirements	<u>2,137,574</u>	<u>(2,137,574)</u>	<u>-</u>
Total Revenue and Support	<u>4,097,322</u>	<u>(960,841)</u>	<u>3,136,481</u>
Expenses			
Program services	3,328,899	-	3,328,899
Supporting	<u>600,539</u>	<u>-</u>	<u>600,539</u>
Total Expenses	<u>3,929,438</u>	<u>-</u>	<u>3,929,438</u>
Changes in Net Assets	167,884	(960,841)	(792,957)
Net Assets, Beginning of Year	<u>1,489,608</u>	<u>2,825,340</u>	<u>4,314,948</u>
Prior Period Adjustment	(40,000)	-	(40,000)
Net Assets, Beginning of Year, Restated	<u>1,449,608</u>	<u>2,825,340</u>	<u>4,274,948</u>
Net Assets, End of Year	<u>\$ 1,617,492</u>	<u>\$ 1,864,499</u>	<u>\$ 3,481,991</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, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Support			
Contract revenue	\$ 453,734	\$ -	\$ 453,734
Contributions	1,669,741	2,482,950	4,152,691
Memberships	164,464	-	164,464
Noncash contributions	24,995	-	24,995
Interest and Dividends	8,026	-	8,026
Unrealized loss on marketable securities	9,747	-	9,747
Net assets released from restrictions -			
Satisfaction of program requirements	1,224,450	(1,224,450)	-
Total Revenue and Support	<u>3,555,157</u>	<u>1,258,500</u>	<u>4,813,657</u>
Expenses			
Program services	2,731,949	-	2,731,949
Supporting	403,439	-	403,439
Total Expenses	<u>3,135,388</u>	<u>-</u>	<u>3,135,388</u>
Changes in Net Assets	419,769	1,258,500	1,678,269
Net Assets, Beginning of Year	<u>1,069,839</u>	<u>1,566,840</u>	<u>2,636,679</u>
Net Assets, End of Year	<u>\$ 1,489,608</u>	<u>\$ 2,825,340</u>	<u>\$ 4,314,948</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, 2024

	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	\$ 186,079	\$ 186,224	\$ 309,916	\$ 33,149	\$ 715,368	\$ 15,010	\$ 11,783	\$ 26,793	\$ 742,161
Employee benefits	84,960	26,039	38,839	18,041	167,879	25,409	10,898	36,307	204,185
Equipment rental	2,575	1,049	2,076	547	6,247	770	330	1,100	7,347
Insurance	5,091	1,560	2,327	1,081	10,059	1,523	653	2,176	12,235
Professional fees	38,731	524	8,308	459	48,022	21,964	-	21,964	69,986
Meals and lodging	11,500	1,744	3,004	622	16,870	10,575	-	10,575	27,445
Office	47,170	21,432	21,061	9,575	99,238	13,233	18,500	31,733	130,972
Office rent	29,874	9,156	13,657	6,344	59,031	8,934	3,832	12,766	71,797
Payroll taxes	70,346	21,560	32,158	14,938	139,002	21,038	9,024	30,062	169,064
Postage and mailing	9,536	198	273	145	10,152	165	2,597	2,762	12,913
Printing and design	4,469	2,433	5,615	721	13,238	636	6,666	7,302	20,540
Promotion	64,524	58,348	9,281	8,689	140,842	461	267	728	141,570
Salaries	953,180	292,132	435,737	202,404	1,883,453	285,061	122,273	407,334	2,290,787
Telephone	4,462	1,486	2,040	947	8,935	1,334	572	1,906	10,841
Travel	6,112	863	1,638	1,950	10,563	5,864	-	5,864	16,428
Sub-Total	<u>1,518,609</u>	<u>624,748</u>	<u>885,930</u>	<u>299,612</u>	<u>3,328,899</u>	<u>411,977</u>	<u>187,395</u>	<u>599,372</u>	<u>3,928,271</u>
Depreciation	-	-	-	-	-	1,000	-	1,000	1,000
Interest	-	-	-	-	-	167	-	167	167
Total	<u>\$ 1,518,609</u>	<u>\$ 624,748</u>	<u>\$ 885,930</u>	<u>\$ 299,612</u>	<u>\$ 3,328,899</u>	<u>\$ 413,144</u>	<u>\$ 187,395</u>	<u>\$ 600,539</u>	<u>\$ 3,929,438</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, 2023

	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	\$ 138,237	\$ 77,697	\$ 136,835	\$ 3,547	\$ 356,316	\$ 4,401	\$ 28,557	\$ 32,958	\$ 389,274
Employee benefits	70,905	21,122	96,804	12,191	201,022	15,127	12,157	27,284	228,305
Equipment rental	3,507	2,402	4,317	544	10,770	675	542	1,217	11,987
Insurance	3,631	1,082	4,957	624	10,294	775	622	1,397	11,691
Professional fees	4,548	1,707	7,946	740	14,941	12,811	-	12,811	27,752
Meals and lodging	4,298	338	279	554	5,469	14,959	-	14,959	20,428
Office	49,146	17,787	39,667	5,709	112,309	11,828	6,711	18,539	130,849
Office rent	26,754	7,970	36,526	4,600	75,850	5,708	4,587	10,295	86,145
Payroll taxes	43,341	12,911	59,172	7,453	122,877	9,246	7,431	16,677	139,554
Postage and mailing	4,568	156	713	139	5,576	111	7,618	7,729	13,304
Printing and design	6,175	928	3,622	3,595	14,320	502	19,897	20,399	34,719
Promotion	22,665	33,787	22,767	8,447	87,666	1,082	870	1,952	89,618
Salaries	599,022	178,446	817,823	103,003	1,698,294	127,794	102,702	230,496	1,928,790
Telephone	3,214	1,195	4,387	553	9,349	686	551	1,237	10,586
Travel	4,465	591	1,616	224	6,896	5,081	158	5,239	12,136
Sub-Total	984,476	358,119	1,237,431	151,923	2,731,949	210,786	192,403	403,189	3,135,138
Interest	-	-	-	-	-	250	-	250	250
Total	<u>\$ 984,476</u>	<u>\$ 358,119</u>	<u>\$ 1,237,431</u>	<u>\$ 151,923</u>	<u>\$ 2,731,949</u>	<u>\$ 211,036</u>	<u>\$ 192,403</u>	<u>\$ 403,439</u>	<u>\$ 3,135,388</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, 2024 and 2023

	2024	2023
Schedule of Reconciling Increases in Net Assets to Net Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ (832,957)	\$ 1,678,269
Noncash expenses, revenues, losses and gains included in the increase (decrease) in net assets		
Depreciation	1,000	-
Unrealized loss (gain) on investments	(6,480)	(9,747)
Noncash contributions	(13,273)	(1,495)
Noncash expenses	10,804	-
Adjustments to reconcile increase (decrease) to net cash flows from operating activities		
(Increase) decrease in:		
Contracts receivable	(249,912)	(14,725)
Grant and other receivables	602,000	(570,435)
Prepaid expenses	(13,889)	(4,133)
Deposits	1,875	-
Accounts payable	6,887	(1,703)
Salaries and payroll taxes payable	30,951	(628)
Net cash provided (used) by operating activities	(462,994)	1,075,403
Cash Flow from Investing Activities:		
Purchase of investments	(10,431)	(3,423)
Net cash used in investing activities	(10,431)	(3,423)
Cash Flow from Financing Activities:		
Payments on capital lease obligation	(1,029)	-
Net cash provided in financing activities	(1,029)	-
Net Increase (Decrease) in Cash	(474,454)	1,071,980
Cash, Beginning of the Year	2,750,342	1,678,362
Cash, End of the Year	\$ 2,275,888	\$ 2,750,342
 Supplemental Disclosure to Cash Flow Information:		
Cash Paid for Interest	\$ 167	\$ 250

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, 2024 and 2023.

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, 2024 and 2023, 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.

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.

New Accounting Guidance Implementation

As of January 1, 2023, the Company changed their accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, *Leases*, using the modified retrospective transition method. There was no cumulative effect adjustment to the Company's balance sheet as of January 1, 2022. Comparative information has not been restated and continues to be reported under the accounting standards in effect for the prior period.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases. The Company elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases. The Company has not elected the hindsight practical expedient.

As of July 1, 2022 approximately \$196,573 in operating lease right of use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact to the statement of activities or cash flows for the year ended June 30, 2024.

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:

CLEAN AIR COUNCIL NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements (continued)

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, 2024 or June 30, 2023.

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.

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. Obligations under Lease

The Organization leases its Philadelphia office space with monthly rental payments of \$6,190. In March, 2024, Clean Air Council moved to its current Philadelphia location at One Penn Center (1617 JFK Boulevard, Suite 1130, Philadelphia, PA 19103). As part of this new lease, the Organization had its rent abated until October, 2024. There are increases periodically over the lease term, which expires on September 30, 2029. It also subleases office space in Pittsburgh for \$663 a month and renews this sublease 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 \$2,115 for all of 2023 and \$2,263 for all of 2024. Lastly, the Organization maintains additional storage onsite for a monthly fee of \$69 and offsite storage for a monthly fee of \$845, which is renewed month-to-month.

Office and storage rent expense for the years ended June 30, 2024 and 2023 was \$71,797 and \$86,145, respectively.

Operating lease is included in operating lease right-of-use (ROU) assets and current and noncurrent operating lease liabilities in the balance sheet.

The Company assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. The Company has elected to apply the short-term lease exception to all leases with terms of a year or less to recognize the expense on the straight-line basis.

**CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS**

5. Obligations under Lease (continued)

Right-of use assets (ROU) represent the right to use an underlying asset for the lease term and the lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate of the lease when it is readily determinable. However, since most of the Company's leases do not provide an implicit rate to determine the present value of lease payments, management has elected to use treasury rates for the applicable lease term. Lease expense is recognized on a straight-line basis over the lease term.

The following summarizes the line items in the balance sheet which include amounts for assets related to operating leases as of June 30, 2024.

Operating lease right-of-use assets	<u>\$ 300,355</u>
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The components of operating lease expenses that are included in operating expense in the statement of functional expense year ended June 30, 2024 were as follows:

Operating Lease Cost	\$ 10,804
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The following summarizes the cash flow information related to operating leases for the year ended June 30, 2024:

Cash paid in for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 12,380
Lease assets obtained in exchange for lease liabilities	\$ 300,355

Weighted average lease term and discount rate as of June 30, 2024 were as follows:

Weighted average remaining lease term	5.17
Weighted average discount rate	5.00%

A schedule for future minimum lease commitments under the above lease obligations is as follows:

Years ending June 30,	
2025	\$ 56,018
2026	76,451
2027	78,356
2028	80,310
2029 and thereafter	<u>103,325</u>
	<u><u>\$ 394,460</u></u>

**CLEAN AIR COUNCIL
NOTES TO FINANCIAL STATEMENTS**

6. Non-Cash Contributions

The Organization received stock donations, which are recorded at market value. For the year ended June 30, 2024 and 2023, this amount was \$893 and \$1,495, respectively. The Organization also received a rent abatement amounting to \$12,380 as of June 30, 2024.

7. Concentration of Credit Risk

As of June 30, 2024 and 2023, the Organization had deposits in financial institutions in excess of the amount insured by agencies of the federal government. The total excess amounted to \$1,490,750 and \$1,982,480 for the years end June 30, 2024 and 2023. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash.

8. Net Assets with Restriction

Net assets with restrictions are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Outdoor Air Quality Education	\$ 1,182,500	\$ 1,144,624
Transportation Education	501,999	360,966
Energy Education	180,000	-
Global Warming Education	-	1,295,750
Other Education	-	24,000
	<u> </u>	<u> </u>
Total	<u>\$ 1,864,499</u>	<u>\$ 2,825,340</u>

9. Contract Revenue

The Organization received awards and contracts under the following programs for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Federal Awards:		
US Environmental Protection Agency	\$ 90,119	\$ 61,897
US Department of Transportation	167,677	28,863
	<u> </u>	<u> </u>
Total Federal Awards	257,796	90,760
Non-Federal Contracts	742,901	362,974
Total Contract Revenue	<u>\$ 1,000,697</u>	<u>\$ 453,734</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, 2023, the Organization provided matching contributions of up to 4% of each employee's contributions towards their 401(K) plans. For the years ended June 30, 2024 and 2023, the amounts were \$64,687 and \$45,836, 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:

Liquidity and Availability of Financial Assets

Cash and cash equivalents	\$ 2,275,888
Investments	179,071
Deposits	<u>3,128</u>
Total financial assets	<u>\$ 2,458,087</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. Correction of an Error in Previously Issued Financial Statements

During the current year, the Organization identified an error in the recognition of revenue in the prior year. Revenue for the year ended June 30, 2023 was overstated by \$40,000 due to the premature recognition of revenue on a contract that had not yet met the criteria for revenue recognition under applicable accounting standards.

In accordance with ASC 250, *Accounting Changes and Error Corrections*, the accompanying prior period financial statements have been revised to correct this error. The correction resulted in a decrease in revenue and net income of \$40,000 for the year ended June 30, 2023. The error had no impact on cash flows for that period.

13. Date of Managements Review

In preparing the financial statements, the Organization has evaluated the events and transactions for potential recognition or disclosure through August 19, 2025, the date that the financial statements were available to be issued.

SUPPLEMENTAL
INFORMATION



INDEPENDENT AUDITORS' 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, 2024, 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 19, 2025.

Report on 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) as a basis for designing 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 Clean Air Council'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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jelvan & Abraham, P.C.

New Britain, Pennsylvania

August 19, 2025