

Clean Air Task Force, Inc.

Financial Statements

For the Years Ended December 31, 2017 and 2016

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Independent Auditor's Report

To the Board of Trustees
of Clean Air Task Force, Inc.

We have audited the accompanying financial statements of Clean Air Task Force, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, 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

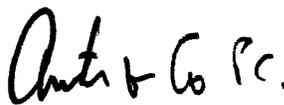
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Task Force, Inc. as of December 31, 2017 and 2016, 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.



Anstiss & Co., P.C.
Lowell, MA
September 21, 2018

Clean Air Task Force, Inc.
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 1,836,466	\$ 2,302,262
Grants receivable, net	2,961,348	359,479
Property and equipment, net	41,954	6,361
Deposits and other assets	<u>82,668</u>	<u>20,104</u>
 Total assets	 <u><u>\$ 4,922,436</u></u>	 <u><u>\$ 2,688,206</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 343,523	\$ 215,003
Settlement payable	-	137,955
Accrued expenses	<u>83,870</u>	<u>77,454</u>
Total liabilities	427,393	430,412
 Net Assets		
Unrestricted	462,734	226,576
Temporarily restricted	<u>4,032,309</u>	<u>2,031,218</u>
Total net assets	<u>4,495,043</u>	<u>2,257,794</u>
 Total liabilities and net assets	 <u><u>\$ 4,922,436</u></u>	 <u><u>\$ 2,688,206</u></u>

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Donations/grants	\$ 1,381,595	\$ 6,215,921	\$ 7,597,516
Other income	7,940	-	7,940
Interest income	480	-	480
Net assets released from restrictions	4,214,830	(4,214,830)	-
Total revenue	<u>5,604,845</u>	<u>2,001,091</u>	<u>7,605,936</u>
Expenses			
Programs	4,474,063	-	4,474,063
General and administrative	795,699	-	795,699
Fundraising	98,925	-	98,925
Total expenses	<u>5,368,687</u>	<u>-</u>	<u>5,368,687</u>
Change in net assets	236,158	2,001,091	2,237,249
Net assets at beginning of year	<u>226,576</u>	<u>2,031,218</u>	<u>2,257,794</u>
Net assets at end of year	<u>\$ 462,734</u>	<u>\$ 4,032,309</u>	<u>\$ 4,495,043</u>

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Donations/grants	\$ 412,847	\$ 4,197,375	\$ 4,610,222
Settlement income	97,223	-	97,223
Other income	13,544	-	13,544
Interest income	449	-	449
Net assets released from restrictions	5,029,396	(5,029,396)	-
Total revenue	<u>5,553,459</u>	<u>(832,021)</u>	<u>4,721,438</u>
Expenses			
Programs	4,702,145	-	4,702,145
General and administrative	746,313	-	746,313
Fundraising	93,884	-	93,884
Total expenses	<u>5,542,342</u>	<u>-</u>	<u>5,542,342</u>
Change in net assets	11,117	(832,021)	(820,904)
Net assets at beginning of year	<u>215,459</u>	<u>2,863,239</u>	<u>3,078,698</u>
Net assets at end of year	<u>\$ 226,576</u>	<u>\$ 2,031,218</u>	<u>\$ 2,257,794</u>

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2017.

	Power Plants	Adv. Coal/Carbon Seq.	New Coal	Other	Total Programs	Fundraising	Management and General	Total
Salaries	\$ 436,115	\$ 935,114	\$ 490,551	\$ 234,934	\$ 2,096,714	\$ 76,749	\$ 207,726	\$ 2,381,189
Employee benefits	76,093	163,159	85,591	40,991	365,834	13,391	36,155	415,380
Payroll taxes	33,406	71,630	37,576	17,996	160,608	5,879	16,003	182,490
Total	545,614	1,169,903	613,718	293,921	2,623,156	96,019	259,884	2,979,059
Project consultants	126,268	712,115	61,250	32,435	932,068	-	211,099	1,143,167
Travel	17,354	145,715	69,059	11,786	243,914	-	57,312	301,226
Management consultants	-	135,898	112,035	-	247,933	-	8,978	256,911
Grants and distributions	-	340,000	-	8,500	348,500	-	-	348,500
Occupancy	-	-	2,877	5,100	7,977	-	126,794	134,771
Other expenses	1,121	11,043	7,359	1,022	20,545	-	54,078	74,623
Printing and publications	152	8,330	608	29,614	38,704	2,906	13,436	55,046
Telephone, fax, internet	101	1,031	661	2,176	3,969	-	32,142	36,111
Repairs and maintenance	446	363	93	3,714	4,616	-	16,574	21,190
Supplies	358	840	338	911	2,447	-	5,564	8,011
Depreciation	-	-	-	-	-	-	6,930	6,930
Postage and shipping	160	58	16	-	234	-	2,908	3,142
Total expenses	\$ 691,574	\$ 2,525,296	\$ 868,014	\$ 389,179	\$ 4,474,063	\$ 98,925	\$ 795,699	\$ 5,368,687

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2016

	Adv.		New Coal	Other	Total Programs	Fundraising	Management and General	Total
	Power Plants	Coal/Carbon Seq.						
Salaries	\$ 360,312	\$ 972,671	\$ 561,072	\$ 228,965	\$ 2,123,020	\$ 73,440	\$ 223,477	\$ 2,419,937
Employee benefits	51,741	139,677	80,570	33,577	305,565	10,546	31,312	347,423
Payroll taxes	35,202	95,030	54,817	21,870	206,919	7,176	22,312	236,407
Total	447,255	1,207,378	696,459	284,412	2,635,504	91,162	277,101	3,003,767
Project consultants	104,222	812,846	244,476	18,214	1,179,758	-	188,986	1,368,744
Travel	32,935	169,899	82,824	20,701	306,359	-	42,555	348,914
Management consultants	-	117,895	159,573	-	277,468	-	20,446	297,914
Grants and distributions	-	214,750	-	-	214,750	-	-	214,750
Occupancy	-	-	-	5,100	5,100	-	121,431	126,531
Other expenses	220	35,209	4,853	595	40,877	-	16,874	57,751
Printing and publications	174	9,736	715	20,032	30,657	2,690	18,050	51,397
Telephone, fax, internet	98	286	1,050	2,209	3,643	-	34,228	37,871
Supplies	125	5,872	184	386	6,567	32	6,514	13,113
Repairs and maintenance	491	373	109	140	1,113	-	10,126	11,239
Depreciation	-	-	-	-	-	-	6,579	6,579
Postage and shipping	8	275	66	-	349	-	3,423	3,772
Total expenses	\$ 585,528	\$ 2,574,519	\$ 1,190,309	\$ 351,789	\$ 4,702,145	\$ 93,884	\$ 746,313	\$ 5,542,342

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,237,249	\$ (820,904)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	6,930	6,579
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable	(2,601,869)	692,211
(Increase) decrease in deposits and other assets	(62,564)	4,253
Decrease in settlement payable	(137,955)	137,955
Increase (decrease) in accounts payable and accrued expenses	134,936	(99,775)
Net cash (used) by operating activities	<u>(423,273)</u>	<u>(79,681)</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(42,523)</u>	<u>(6,965)</u>
Net cash used for investing activities	<u>(42,523)</u>	<u>(6,965)</u>
Net (decrease) increase in cash	(465,796)	(86,646)
Cash at beginning of year	<u>2,302,262</u>	<u>2,388,908</u>
Cash at end of year	<u>\$ 1,836,466</u>	<u>\$ 2,302,262</u>
Supplemental Data:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>
In-kind contributions	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to these financial statements.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 1 - Nature of Operations

Clean Air Task Force, Inc. (the Organization) was incorporated on April 13, 2000 as a not-for-profit corporation. The stated purpose of the organization is to address air pollution issues through research, education/outreach, advocacy, and advocacy network support.

Note 2 - Summary of Significant Accounting Policies

The following is a summary of significant accounting policies applied by the Organization in the preparation of the accompanying financial statements.

Basis of Presentation

The Organization reports net assets and revenues, expenses, gains, and losses in accordance with the provisions of FASB Accounting Standards Codification (ASC) 958-205, "*Presentation of Financial Statements*". Under FASB ASC 958-205, financial information is classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations are classified as unrestricted.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time are classified as temporarily restricted. 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. At December 31, 2017 and 2016 the Organization had temporarily restricted net assets of \$4,032,309 and \$2,031,218, respectively.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization are classified as permanently restricted. At December 31, 2017 and 2016 the Organization had no permanently restricted net assets.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time the liabilities are incurred.

Uncertain Tax Positions

The Organization, incorporated under Chapter 180 of the Massachusetts General Laws as a tax-exempt entity, has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3), and is, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Uncertain Tax Positions (continued)

The Organization is required by ASC 740-10, “*Income Taxes*”, to evaluate and disclose tax positions that could have an effect on the Organization’s financial statements. The Organization reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all the Organization’s income, expenditures and activities relate to its exempt purpose, therefore, management has determined that the Organization is not subject to unrelated business income taxes and will continue to qualify as a tax exempt not-for-profit entity.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost which approximates market value.

The Organization maintains its cash in bank deposit accounts which are insured up to \$250,000 under the Federal Deposit Insurance Commission’s (“FDIC”) general deposit insurance rules. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant financial risk on cash.

Property and Equipment

Property and equipment, consisting of office furniture and equipment, are recorded at cost. Donated property and equipment are recorded at estimated fair market value at the time of donation. Expenditures for repairs and maintenance are charged to expense as incurred.

When assets are retired, or disposed of, the assets and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in income. Depreciation is provided using the straight-line method over the estimated useful life of the assets as follows:

<u>Description</u>	<u>Years</u>
Leasehold Improvements	5
Computer and office equipment	3-5

Revenue Recognition

The Organization reports gifts as unrestricted support if they are received without donor stipulations that would limit the use of the donated assets. They are classified as increases in temporarily restricted net assets if the donor imposes restrictions on their use, including those for which payment is not due until future periods. Upon the satisfaction of the usage or time restriction, the net assets are reclassified as unrestricted support.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

The Organization's contributions come primarily from private foundations and corporations.

Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. The carrying amounts of these financial instruments approximate their fair value. The carrying amounts of cash, accounts receivable and accounts payable approximate fair value because of the short-term nature of these items.

The Organization places its temporary cash investments with creditworthy, high quality financial institutions. At times, such balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

68% of grant revenue was received from eight separate private foundations and 38% from six separate private foundations as of December 31, 2017 and 2016, respectively.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 - Grants Receivable

The following are grants receivable at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 2,961,348	\$ 359,479
Receivable in one to five years	-	-
Total grants receivable	2,961,348	359,479
Less: discounts to net present value (5%)	-	-
Net grants receivable	<u>\$ 2,961,348</u>	<u>\$ 359,479</u>

The amount of grants receivable at December 31, 2017 and 2016 were \$2,961,348 and \$359,479, respectively. This represents the net amount of grants receivable that the Organization believes it will collect in future years. Each year the collectability of the remaining receivable is assessed to determine whether there are any potentially uncollectable amounts to be written off or whether an allowance is necessary. There were no grants receivable that were deemed uncollectable at December 31, 2017 and 2016.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Purpose restrictions:		
Coal plant programs and other	\$ 1,070,961	\$ 1,671,739
Time restrictions:		
Grants receivable	2,961,348	359,479
Total temporarily restricted net assets	<u>\$ 4,032,309</u>	<u>\$ 2,031,218</u>

Note 5 - Operating Leases

The Organization leases operating facilities and storage space under the terms of operating lease agreements, expiring in various years through 2022. For the years ended December 31, 2017 and 2016, rent expense under these agreements total \$124,429 and \$121,418, respectively.

Future minimum annual lease payments under the Organization's operating leases at December 31, 2017 are as follows:

Fiscal year ending:	
December 31, 2018	\$ 113,858
December 31, 2019	103,233
December 31, 2020	94,783
December 31, 2021	97,133
December 31, 2022	65,800
Total	<u>\$ 474,807</u>

Note 6 – Commitments

The Organization has a line of credit in the amount of \$275,000 with Bank of America that is secured by the Organization's receivables and equipment. As of December 31, 2017, there was no amount outstanding on this line. The interest rate on this available line is equal to Bank of America's prime rate plus 1.00% (5.5% as of December 31, 2017), and there are no commitment fees on unused amounts. This line of credit expires December 31, 2018.

Note 7 - Pension Plans

The Organization has a Safe Harbor 401(K) Plan. The plan covers all eligible employees who meet minimum age and service requirements. The total expense under this plan for the years ended December 31, 2017 and 2016 was \$104,333 and \$98,952, respectively.

Clean Air Task Force, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 8 – Property and Equipment

At December 31, 2017 and 2016 the balance in property and equipment was composed of the following:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 39,578	\$ 113,389
Office equipment	16,293	12,947
Leasehold improvements	-	1,450
Total	<u>55,871</u>	<u>127,786</u>
Less: Accumulated depreciation	<u>(13,917)</u>	<u>(121,425)</u>
Net property, plant and equipment	<u>\$ 41,954</u>	<u>\$ 6,361</u>

Note 9 - Related Party Activity

The Organization paid \$97,564 and \$261,260 in consulting fees to corporations owned by several of its board members during the years ended December 31, 2017 and 2016, respectively.

The Organization provided a grant in the amount of \$8,500 for each of the years ended December 31, 2017 and 2016 to a non-profit entity of which the Organization's executive director is a member of its board of directors.

Note 10 – Legal Settlement

The Organization was party to a group environmental petition pursuant to section 307(f) of the Clean Air Act and a settlement of \$235,178 payable to the Organization by the Environmental Protection Agency was agreed upon in December 2016. The Organization owed \$137,955 to three other organizations as of December 31, 2016. This settlement liability was paid in full during 2017.

Note 11 - Subsequent Events

ASC 855-10, “*Subsequent Events*”, defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization’s management has evaluated events subsequent from December 31, 2017 through September 21, 2018, which is the issuance date of this report. There has been no material event noted during this period that would either impact the results reflected in this report or the Organization’s results going forward.