

**CITIZENS' CLIMATE LOBBY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

## CITIZENS' CLIMATE LOBBY

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Citizens' Climate Lobby

We have audited the accompanying financial statements of Citizens' Climate Lobby, a nonprofit organization, which comprise of the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statement.

### **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 audits 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 judgement, 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.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens' Climate Lobby as of December 31, 2020 and 2019, and the changes in its net assets, functional expenses, and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Considine & Considine".

CONSIDINE & CONSIDINE  
An accountancy corporation

April 30, 2021

**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
STATEMENTS OF FINANCIAL POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,238,841	\$ 976,380
Investments (note 5)	99,981	-
Receivables	7,608	307,004
Prepaid expenses	4,921	6,693
	<u>1,351,351</u>	<u>1,290,077</u>
OTHER ASSETS		
Investments (note 5)	<u>1,940</u>	<u>-</u>
TOTAL ASSETS	<u><u>1,353,291</u></u>	<u><u>1,290,077</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to related party (note 3)	41,236	32,044
Accrued liabilities	8,370	8,139
Deferred revenue	105,222	132,826
	<u>154,828</u>	<u>173,009</u>
NET ASSETS (note 6)		
Without donor restrictions	1,110,779	807,068
With donor restrictions	87,684	310,000
	<u>1,198,463</u>	<u>1,117,068</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,353,291</u></u>	<u><u>\$ 1,290,077</u></u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Contributions and grants	\$ 485,040	\$ 182,790	\$ 667,830
Conference revenue	8,069	-	8,069
Other income	2,075	-	2,075
	<u>495,184</u>	<u>182,790</u>	<u>677,974</u>
NET ASSETS RELEASED FROM RESTRICTIONS (note 6)			
Satisfaction of program restrictions	192,790	(192,790)	-
Expiration of time restrictions	212,316	(212,316)	-
	<u>405,106</u>	<u>(405,106)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	900,290	(222,316)	677,974
EXPENSES			
Program services	450,897	-	450,897
Management and general	84,214	-	84,214
Development	61,468	-	61,468
	<u>596,579</u>	<u>-</u>	<u>596,579</u>
CHANGE IN NET ASSETS	303,711	(222,316)	81,395
NET ASSETS, BEGINNING OF YEAR	<u>807,068</u>	<u>310,000</u>	<u>1,117,068</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,110,779</u></u>	<u><u>\$ 87,684</u></u>	<u><u>\$ 1,198,463</u></u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Contributions and grants	\$ 665,403	\$ 478,553	\$ 1,143,956
Conference revenue	50,208	-	50,208
Other income	31	-	31
	<u>715,642</u>	<u>478,553</u>	<u>1,194,195</u>
NET ASSETS RELEASED FROM RESTRICTIONS (note 6)			
Satisfaction of program restrictions	<u>168,553</u>	<u>(168,553)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	884,195	310,000	1,194,195
EXPENSES			
Program services	465,551	-	465,551
Management and general	87,775	-	87,775
Development	65,897	-	65,897
	<u>619,222</u>	<u>-</u>	<u>619,222</u>
CHANGE IN NET ASSETS	264,973	310,000	574,973
NET ASSETS, BEGINNING OF YEAR	<u>542,095</u>	<u>-</u>	<u>542,095</u>
NET ASSETS, END OF YEAR	<u><u>\$ 807,068</u></u>	<u><u>\$ 310,000</u></u>	<u><u>\$ 1,117,068</u></u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Advertising and marketing	\$ 13,380	\$ -	\$ -	\$ 13,380
Bank and other fees	-	-	36,860	36,860
Conference and meetings	1,849	-	-	1,849
Employee benefits	4,231	1,148	348	5,728
Insurance	5,276	1,432	434	7,142
Lobbying	29,361	-	-	29,361
Office	13,267	3,601	1,092	17,959
Payroll taxes	16,247	4,410	1,337	21,994
Professional services	-	35,155	-	35,155
Rent	16,788	4,556	1,382	22,726
Salaries and wages	305,645	33,912	20,015	359,572
Technology	40,985	-	-	40,985
Travel	3,868	-	-	3,868
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL EXPENSES	<u>\$ 450,897</u>	<u>\$ 84,214</u>	<u>\$ 61,468</u>	<u>\$ 596,579</u>

See accompanying notes



**CITIZENS' CLIMATE LOBBY  
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STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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EXPENSES	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
Advertising and marketing	\$ 33,022	\$ -	\$ -	\$ 33,022
Bank and other fees	-	-	35,145	35,145
Conference and meetings	108,462	-	-	108,462
Employee benefits	6,772	931	762	8,465
Insurance	2,115	2,158	86	4,359
Lobbying	38,755	-	-	38,755
Office	10,870	1,495	1,223	13,588
Payroll taxes	14,720	2,024	1,656	18,400
Professional services	-	48,136	-	48,136
Rent	16,996	2,337	1,912	21,245
Salaries and wages	196,834	27,065	22,144	246,042
Technology	26,394	3,629	2,969	32,992
Travel	10,611	-	-	10,611
<b>TOTAL EXPENSES</b>	<u><u>\$ 465,551</u></u>	<u><u>\$ 87,775</u></u>	<u><u>\$ 65,897</u></u>	<u><u>\$ 619,222</u></u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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	<u>2020</u>	<u>2019</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 81,395	\$ 574,973
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Donated investments	(360,382)	-
Change in operating assets and liabilities:		
Receivables	299,396	(300,894)
Prepaid expenses	1,772	(1,732)
Due to related party	9,191	(33,416)
Accrued liabilities	231	8,139
Deferred revenue	(27,604)	132,826
	<u>282,986</u>	<u>(195,077)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,999	379,896
NET CASH PROVIDED BY INVESTING ACTIVITIES		
Proceeds on sale of investments	<u>258,462</u>	<u>-</u>
NET INCREASE IN CASH	262,461	379,896
CASH, BEGINNING OF YEAR	<u>976,380</u>	<u>596,484</u>
CASH, END OF YEAR	<u><u>\$ 1,238,841</u></u>	<u><u>\$ 976,380</u></u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY  
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NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1 THE ORGANIZATION**

Citizens' Climate Lobby (the "Organization") works to create the political will for a stable and sustainable climate and to empower individuals to have breakthroughs in exercising their personal and political power. The Organization is nonpartisan and empowers ordinary citizens to become active and effective participants in their democracy. Substantially all of the Organization's support is received as contributions from individuals and foundations as well as revenue from conferences. The Organization's sister organization, Citizens' Climate Education, is a 501(c)(3) that trains individuals to educate the media, elected officials, and the public about climate change and its solutions.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting** – The accompanying financial statements have been prepared using the accrual method in conformity with accounting principles generally accepted (GAAP) in the United States.

**Basis of presentation** – The Organization follows the recommendations of Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which require that net assets, support, revenues and gains, expenses and losses be classified as with donor restrictions and without donor restrictions.

**Estimates** – The preparation of financial statements in conformity with GAAP principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Fair value measurement** – The Organization follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

**Net assets without donor restrictions** – Net assets without donor restrictions represent expendable funds available for operations that are not otherwise limited by donor restrictions. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors. At December 31, 2020 and 2019, the Organization had \$1,110,779 and \$807,068, respectively, in net assets without donor restrictions.

**Net assets with donor restrictions** – Net assets with donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific expiration of time restrictions before the Organization may recognize the funds or recognize the support. At December 31, 2020 and 2019, the Organization has donor restricted assets of \$87,684 and \$310,000, respectively.

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Cash – The Organization considers financial instruments with a fixed maturity of less than three months to be cash equivalents. The Organization maintains its cash in bank deposit accounts which at times exceed the federally insured deposit limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash. The Organization had approximately \$731,000 and \$647,000 in excess of the federally insured deposit limits at December 31, 2020 and 2019, respectively.

Receivables – For the years ended December 31, 2020 and 2019, pledges receivable consist of \$0 and \$300,000, respectively, included in receivables in the statements of financial position. These are stated at the outstanding balances, less an allowance for doubtful accounts. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. For the years ended December 31, 2020 and 2019, management did not write off any amount of its receivables. Receivable also include donations-in-transit through the Organization's various payment platforms.

Contributions – Contributions received are considered to be without donor restrictions and available for general use unless designated by the donor for a specific purpose. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities and changes in net assets as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as with donor restrictions and then released from restriction in the same period.

Conditional grants – During 2020 and 2019, the Organization received restricted grants approximating \$156,000 and \$310,000, respectively that contained donor conditions (primarily matching funds requirements). Since these grants represent conditional promises to give, they are not recorded as contribution revenue until donor conditions are met. Funds received from the donor in advance of the conditions being met totaled \$105,222 and \$132,826 in 2020 and 2019, respectively; are recorded as deferred revenue in the statements of financial position; and will subsequently be recognized as contribution revenue when donor conditions are met. Of the \$182,790 of restricted grants received in 2020 and \$310,000 received in 2019, the Organization recognized approximately \$223,000 as contribution revenue once the donor conditions were met.

Revenue recognition – The Organization follows Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 ("ASC 606") Revenue from Contracts with Customers, which provides guidance for revenue recognition. This ASC's core principle requires an organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods or services. The standard also clarifies the principal versus agent considerations. Providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer.

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Functional expense allocation – The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. There are certain categories of expenses that are attributable to more than one program or supporting function and require allocation on a reasonable basis. Expenses such as compensation and benefits, utilities, advertising and marketing and rent are allocated on the basis of estimates of time and effort. Other expenses related to more than one function are charged to program and supporting services on the basis of periodic and expense studies.

Income taxes – The Organization is exempt from income taxes under Section 501(c)(4) of the Internal Revenue Code and comparable state law.

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in its financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition and measurement of a tax position taken or to be taken in a tax return. As of December 31, 2020, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

**NOTE 3     RELATED PARTY**

The Organization's sister organization, Citizens' Climate Education Corp ("CCE"), is a 501(c)(3) organized to educate political leaders, the media, and the general public about climate change solutions. During the years ended December 31, 2020 and 2019, the Organization reimbursed CCE a total of approximately \$943,522 and \$573,200 respectively, for expenses incurred by CCE on the Organization's behalf. As of December 31, 2020 and 2019, the Organization owed \$41,236 and \$32,044, respectively, to CCE.

**NOTE 4     FAIR VALUE MEASUREMENT**

The Organization follows the methods of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the higher priority to level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quotes prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

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Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

The investments in equities and exchange traded funds are valued at market prices in active markets and have readily determined fair values. The assets are classified as level 1 investments.

The investment in U.S Treasury bills are valued by using quoted prices of securities with similar characteristics. These assets are classified as level 2 investments.

Financial assets carried at fair value at December 31, 2020 are classified in the following schedules in one of three categories described above. The table below presents the balances of assets measured at fair values as of December 31, 2020 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
U.S. Treasury Bills	\$ -	\$ 99,981	\$ -	\$ 99,981
Equities	1,940	-	-	1,940
	<u>\$ 1,940</u>	<u>\$ 99,981</u>	<u>\$ -</u>	<u>\$ 101,921</u>

**NOTE 5 INVESTMENTS**

Investments are held at market value and consist of the following at December 31, 2020:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Bills	\$ 99,981	\$ 99,981
Equity Funds	1,934	1,940
	<u>\$ 101,915</u>	<u>\$ 101,921</u>

The Organization's investment gain for the year ended December 31, 2020 is \$2,072.

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**NOTE 6     NET ASSETS**

Net assets were available for the following purposes as of December 31:

	<u>2020</u>	<u>2019</u>
Without donor restrictions		
Unrestricted and undesignated	\$ 1,110,779	\$ 807,068
With donor restrictions:		
Subject to expenditure for specific purpose:		
Donor-restricted to specific programs	-	10,000
Donor-restricted to time restrictions	<u>87,684</u>	<u>300,000</u>
Total net assets with donor restrictions	87,684	310,000
Total net assets	<u><u>\$ 1,198,463</u></u>	<u><u>\$ 1,117,068</u></u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the expiration of time restrictions or other events specified by donors during the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
Monthly donation drive	\$ 182,790	\$ -
Young Conservative Lobby Day	<u>10,000</u>	<u>168,553</u>
	192,790	168,553
Expiration of time restrictions		
General support	<u>212,316</u>	<u>-</u>
	<u><u>\$ 405,106</u></u>	<u><u>\$ 168,553</u></u>

**NOTE 7     LIQUIDITY AND AVAILABILITY**

The Organization is substantially supported by contributions with and without restrictions. Contributions and expenses are monitored on a monthly basis by the management and on a quarterly basis by the Organization's leadership and board. The level of assets are monitored on an annual basis. The Organization has historically had an average of \$532,777 in net assets without donor restrictions every year.

The goal is to be able to function within the boundaries of the income received throughout the year. Occasionally, the Organization receives contributions with restrictions. As of December 31, 2020 and

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2019, the Organization has \$87,684 and \$310,000, respectively, of net assets with donor restrictions. These funds can be used for expenditures within the guidelines established by the donor with time or purpose restrictions.

Amounts without restrictions total approximately \$1,111,000 and \$807,000 as of December 31, 2020 and 2019, respectively. Upon board approval, excess funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical course of business.

As part of the Organization's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization manages its liquidity following these guiding principles: operating within a prudent range of financial stewardship and stability and maintaining adequate liquid assets to fund near-term needs, to provide reasonable assurance that long-term obligations will be discharged.

The following reflect the Organization's financial assets as of December 31, 2020 and 2019, reduced by the amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash	\$ 1,238,841	\$ 976,380
Investments	101,921	-
Receivables	<u>7,608</u>	<u>307,004</u>
	1,348,370	1,283,384
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions		
Donor-restricted to time and specific programs	(87,684)	(310,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,260,686</u>	<u>\$ 973,384</u>

**NOTE 8     SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 30, 2021, the date the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements, except as stated below.

While the Organization has not experienced a decline in revenue due to the COVID-19 pandemic, it continues to monitor the effects on the Organization and, as needed, adjusts its operations based on the health orders issued by governmental authorities. The future financial impact of the pandemic cannot be reasonably estimated at this time.