

**CITIZENS' CLIMATE LOBBY
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

CITIZENS' CLIMATE LOBBY

	<u>Pages</u>
I Index	1
II Independent auditor's report	2 - 3
III Statements of financial position	4
IV Statements of activities and changes in net assets	5 - 6
V Statements of functional expenses	7 - 8
VI Statements of cash flows	9
VII Notes to the financial statements	10 - 14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Citizens' Climate Lobby

Opinion

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

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, 2022 and 2021, and the results of its activities 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 Citizens' Climate Lobby 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 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.

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 Citizens' Climate Lobby'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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Citizens' Climate Lobby'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 financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about Citizens' Climate Lobby'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.

Considine & Considine

CONSIDINE & CONSIDINE
An accountancy corporation

May 10, 2023

**CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Page 4

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,171,457	\$ 2,171,474
Receivables	5,918	5,552
Prepaid expenses	7,948	4,406
	<u>1,185,323</u>	<u>2,181,432</u>
TOTAL ASSETS	<u><u>1,185,323</u></u>	<u><u>2,181,432</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to related party (note 3)	151,897	165,240
NET ASSETS (note 4)		
Without donor restrictions	<u>1,033,426</u>	<u>2,016,192</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,185,323</u></u>	<u><u>\$ 2,181,432</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, 2022**

Page 5

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Contributions and grants	\$ 936,103	\$ -	\$ 936,103
Conference revenue	18,904	-	18,904
Other income	4,523	-	4,523
	959,530	-	959,530
EXPENSES			
Program services	1,644,352	-	1,644,352
Management and general	150,629	-	150,629
Development	147,315	-	147,315
	1,942,296	-	1,942,296
CHANGE IN NET ASSETS	(982,766)	-	(982,766)
NET ASSETS, BEGINNING OF YEAR	2,016,192	-	2,016,192
NET ASSETS, END OF YEAR	\$ 1,033,426	\$ -	\$ 1,033,426

See accompanying notes

CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

Page 6

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE AND OTHER SUPPORT			
Contributions and grants	\$ 1,645,709	\$ 783,000	\$ 2,428,709
Conference revenue	3,988	-	3,988
Other income	5,716	-	5,716
	<u>1,655,413</u>	<u>783,000</u>	<u>2,438,413</u>
NET ASSETS RELEASED FROM RESTRICTIONS (note 4)			
Satisfaction of program restrictions	33,000	(33,000)	
Expiration of time restrictions	837,684	(837,684)	-
	<u>870,684</u>	<u>(870,684)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	2,526,097	(87,684)	2,438,413
EXPENSES			
Program services	1,426,618	-	1,426,618
Management and general	123,044	-	123,044
Development	71,022	-	71,022
	<u>1,620,684</u>	<u>-</u>	<u>1,620,684</u>
CHANGE IN NET ASSETS	905,413	(87,684)	817,729
NET ASSETS, BEGINNING OF YEAR	<u>1,110,779</u>	<u>87,684</u>	<u>1,198,463</u>
NET ASSETS, END OF YEAR	<u>\$ 2,016,192</u>	<u>\$ -</u>	<u>\$ 2,016,192</u>

See accompanying notes

CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

Page 7

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Advertising and marketing	\$ 51,716	\$ -	\$ 17,208	\$ 68,924
Bank and other fees	1,347	3,360	23,159	27,866
Communications	9,012	-	-	9,012
Conference and meetings	107,900	-	-	107,900
Employee benefits	72,909	9,960	3,516	86,385
Insurance	2,506	359	159	3,024
International Outreach	8,989	-	-	8,989
Lobbying	135,709	-	-	135,709
Office	25,269	9,474	5,505	40,248
Outreach and Education	13,170	-	-	13,170
Payroll taxes	70,152	9,478	3,555	83,185
Professional services	-	16,410	-	16,410
Rent	13,380	1,741	701	15,822
Salaries and wages	907,991	99,462	93,184	1,100,637
Strategic Imperatives	150,024	-	-	150,024
Technology	57,401	-	-	57,401
Travel	16,877	385	328	17,590
TOTAL EXPENSES	<u>\$ 1,644,352</u>	<u>\$ 150,629</u>	<u>\$ 147,315</u>	<u>\$ 1,942,296</u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Page 8

EXPENSES	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
Advertising and marketing	\$ 170,956	\$ -	\$ 18,462	\$ 189,418
Bank and other fees	134	2	26,312	26,447
Communications	150,312	-	-	150,312
Conference and meetings	62,081	-	-	62,081
Employee benefits	31,295	4,211	1,018	36,524
Insurance	2,960	548	183	3,691
International outreach	8,241	-	-	8,241
Lobbying	27,374	-	-	27,374
Office	271	3,277	538	4,086
Outreach and education	7,890	-	-	7,890
Payroll taxes	47,529	6,850	1,725	56,105
Professional services	112,500	18,354	-	130,854
Rent	17,025	2,764	817	20,606
Salaries and wages	606,242	87,035	21,915	715,192
Strategic imperatives	123,419	-	-	123,419
Technology	57,725	-	-	57,725
Travel	664	3	52	719
TOTAL EXPENSES	<u>\$ 1,426,618</u>	<u>\$ 123,044</u>	<u>\$ 71,022</u>	<u>\$ 1,620,684</u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Page 9

	2022	2021
CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (982,766)	\$ 817,729
ADJUSTMENTS TO RECONCILE DECREASE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Donated investments	(119,957)	(468,509)
Change in operating assets and liabilities:		
Receivables	(366)	2,056
Prepaid expenses	(3,542)	515
Due to related party	(13,343)	124,005
Accrued liabilities	-	(8,370)
Deferred revenue	-	(105,222)
	(137,208)	(455,525)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	(1,119,974)	362,204
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Purchase of investments	(499,020)	(190,966)
Proceeds on sale of investments	618,977	761,395
NET CASH PROVIDED BY INVESTING ACTIVITIES	119,957	570,429
NET INCREASE/(DECREASE) IN CASH	(1,000,017)	932,633
CASH, BEGINNING OF YEAR	2,171,474	1,238,841
CASH, END OF YEAR	\$ 1,171,457	\$ 2,171,474

See accompanying notes

**CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 10

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 organizations, Citizens' Climate Education Corp ("CCE") and Citizens' Climate International, are a 501(c)(3) organized to educate political leaders, the media, and the general public about climate change solutions domestically and internationally.

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, 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, 2022 and 2021, the Organization had \$1,033,426 and \$2,016,192, 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, 2022 and 2021, the Organization had no donor restricted assets.

CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

Page 11

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 \$415,000 and \$1,418,000 in excess of the federally insured deposit limits at December 31, 2022 and 2021, respectively.

Receivables – For the years ended December 31, 2022 and 2021, receivables consist of credit card receivables for \$5,918 and \$5,012, respectively, and of accounts receivables for \$0 and \$540, respectively. 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, 2022 and 2021, management did not write off any amount of its receivables.

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 2022 and 2021, the Organization received grants of approximately \$84,000 and \$275,000, respectively, that contained donor conditions (primarily matching fund requirements). Since these grants represent conditional promises to give, they are not recorded as contribution revenue until the donor conditions are met. During 2022 and 2021, approximately \$84,000 and \$381,000 in conditions were fulfilled and recognized as contribution revenue.

Leases – The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the Organization to substantially utilize or pay for the entire asset over its estimated life. Assets acquired under finance leases are recorded in property and equipment. All other leases are categorized as operating leases. The Organization had no finance or operating leases at December 31, 2022.

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.

**CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 12

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, 2022, 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.

Recent accounting pronouncements

In February 2016, FASB issued ASU 2016-02 Leases (Topic 842). In July 2018, FASB issued two updates to ASU 2016-02, ASU 2018-10, Codification Improvements to Topic 842 Leases, and ASU 2018-11, Leases (Topic 842): Targeted Improvements. The new standard is effective for fiscal years beginning after December 15, 2021. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use assets and lease liabilities on the balance sheet for operating leases with terms of more than twelve months. Topic 842 also requires disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. Upon completion of its review of relevant contracts, adoption of Topic 842 did not result in any material adjustments to balance sheet accounts related to lessor or lessee accounting. The Organization adopted Topic 842 as of January 1, 2022.

As of January 1, 2022, the Organization adopted ASU No. 2020-07, “Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets (Topic 958).” ASU 2020-07 improves transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This standard is applied on a retrospective basis. The adoption had no effect on the financial statements as of December 31, 2022.

NOTE 3 RELATED PARTY

The Organization's sister organizations, Citizens' Climate Education Corp (“CCE”) and Citizens' Climate International (“CCI”), a 501(c)(3) that is organized to provide climate-related education and capacity building to the general public, media, and policy-makers internationally. During the years ended

**CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

December 31, 2022 and 2021, the Organization reimbursed CCE a total of approximately \$1,887,339 and \$1,413,000, respectively, for expenses incurred by CCE on the Organization's behalf. As of December 31, 2022 and 2021, the Organization owed approximately \$152,000 and \$165,000, respectively, to CCE.

NOTE 4 NET ASSETS

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

	2022	2021
Without donor restrictions		
Unrestricted and undesignated	\$ 1,033,426	\$ 2,016,192

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, 2022 and 2021 are as follows:

	2022	2021
Purpose restrictions accomplished:		
Reconciliation mobilization	\$ -	\$ 33,000
Expiration of time restrictions		
General support	-	837,684
	\$ -	\$ 870,684

NOTE 5 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. Since 2014, the Organization has had an average of \$737,985 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, 2022 and 2021, the Organization has no 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 \$1,185,000 and \$2,016,000 as of December 31, 2022 and 2021, 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

**CITIZENS' CLIMATE LOBBY
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Page 14

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, 2022 and 2021, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2022	2021
Financial assets, at year-end:		
Cash	\$ 1,171,457	\$ 2,171,474
Receivables	5,918	5,552
	1,177,375	2,177,026
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,177,375	\$ 2,177,026

NOTE 6 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2023, 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.