

**CITIZENS' CLIMATE EDUCATION CORP  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**CITIZENS' CLIMATE EDUCATION CORP**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Citizens' Climate Education Corp  
1330 Orange Avenue #300  
Coronado, CA 92118

We have audited the accompanying financial statements of Citizens' Climate Education Corp, a nonprofit organization, which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

**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 Citizens' Climate Education Corp as of December 31, 2018 and 2017, 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.

Handwritten signature in cursive script that reads "Considine & Considine".

CONSIDINE & CONSIDINE  
An accountancy corporation

August 8, 2019

**CITIZENS' CLIMATE EDUCATION CORP**  
**A NONPROFIT ORGANIZATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2018 AND 2017**

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	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,559,439	\$ 1,420,717
Pledges receivable	248,061	1,539,948
Prepaid expenses	86,126	10,573
Due from related party (note 3)	65,460	-
	1,959,086	2,971,238
OTHER ASSETS		
Investments (note 4)	32,538	-
Other receivables	17,874	12,692
	50,412	12,692
TOTAL ASSETS	2,009,498	2,983,930
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	30,367	-
Accrued expenses (note 5)	269,858	225,344
Deferred conference revenue	27,677	28,750
	327,902	254,094
NET ASSETS (note 6)		
Without donor restrictions	1,495,638	1,004,836
With donor restrictions	185,958	1,725,000
	1,681,596	2,729,836
TOTAL LIABILITIES AND NET ASSETS	\$ 2,009,498	\$ 2,983,930

See accompanying notes

**CITIZENS' CLIMATE EDUCATION CORP**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT			
Contributions and grants	\$ 2,806,678	\$ 130,000	\$ 2,936,678
Conference revenue	303,517	-	303,517
Other income	1,395	-	1,395
	3,111,590	130,000	3,241,590
NET ASSETS RELEASED FROM RESTRICTIONS (note 6)			
Satisfaction of program restrictions	144,042	(144,042)	-
Expiration of time restrictions	1,525,000	(1,525,000)	-
	1,669,042	(1,669,042)	-
TOTAL REVENUE AND SUPPORT	4,780,632	(1,539,042)	3,241,590
EXPENSES			
Program services	3,640,029	-	3,640,029
Management and general	335,925	-	335,925
Development	313,876	-	313,876
	4,289,830	-	4,289,830
CHANGE IN NET ASSETS	490,802	(1,539,042)	(1,048,240)
NET ASSETS, BEGINNING OF YEAR	1,004,836	1,725,000	2,729,836
NET ASSETS, END OF YEAR	\$ 1,495,638	\$ 185,958	\$ 1,681,596

See accompanying notes

**CITIZENS' CLIMATE EDUCATION CORP**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT			
Contributions and grants	\$ 2,468,292	\$ 2,225,000	4,693,292
Conference revenue	135,174	-	135,174
Other income	1,088	-	1,088
	2,604,554	2,225,000	4,829,554
NET ASSETS RELEASED FROM RESTRICTIONS (note 6)			
Satisfaction of program restrictions	500,000	(500,000)	-
Expiration of time restrictions	50,000	(50,000)	-
	550,000	(550,000)	-
TOTAL REVENUE AND SUPPORT	3,154,554	1,675,000	4,829,554
EXPENSES			
Program services	2,777,583	-	2,777,583
Management and general	188,666	-	188,666
Development	202,069	-	202,069
	3,168,317	-	3,168,317
CHANGE IN NET ASSETS	(13,763)	1,675,000	1,661,237
NET ASSETS, BEGINNING OF YEAR	1,018,599	50,000	1,068,599
NET ASSETS, END OF YEAR	\$ 1,004,836	\$ 1,725,000	\$ 2,729,836

See accompanying notes

**CITIZENS' CLIMATE EDUCATION CORP**  
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**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Advertising and marketing	\$ 26,585	\$ -	\$ 26,585	\$ 53,169
Bank and other fees	12,924	1,668	27,098	41,689
Conference and meetings	497,575	-	-	497,575
Employee benefits	55,843	5,631	4,934	66,409
Insurance	13,686	13,686	-	27,371
Office	30,297	3,055	2,677	36,029
Outreach and education	181,706	-	-	181,706
Payroll taxes	144,317	14,554	12,752	171,622
Professional services	-	42,342	5,233	47,575
Rent	55,294	5,576	4,886	65,756
Salaries and wages	2,366,997	238,698	209,142	2,814,838
Technology	106,256	10,715	9,389	126,360
Travel	148,550	-	11,181	159,731
TOTAL EXPENSES	<u>\$ 3,640,029</u>	<u>\$ 335,925</u>	<u>\$ 313,876</u>	<u>\$ 4,289,830</u>

See accompanying notes



**CITIZENS' CLIMATE EDUCATION CORP**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Advertising and marketing	\$ 39,110	\$ -	\$ 17,003	\$ 56,113
Bank and other fees	54,208	4,080	-	58,288
Conference and meetings	309,226	-	-	309,226
Employee benefits	29,149	1,638	1,965	32,752
Insurance	-	25,182	-	25,182
Office	23,876	1,341	1,609	26,827
Outreach and education	128,095	7,196	8,636	143,927
Payroll taxes	124,055	6,969	8,364	139,388
Professional services	-	30,557	23,659	54,216
Rent	39,445	2,216	2,659	44,320
Salaries and wages	1,857,141	104,334	125,201	2,086,675
Technology	91,718	5,153	6,183	103,053
Travel	81,560	-	6,790	88,350
TOTAL EXPENSES	<u>\$ 2,777,583</u>	<u>\$ 188,666</u>	<u>\$ 202,069</u>	<u>\$ 3,168,317</u>

See accompanying notes

**CITIZENS' CLIMATE EDUCATION CORP**  
**A NONPROFIT ORGANIZATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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	2018	2017
CASH FLOWS (USED)/PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (1,048,240)	\$ 1,661,237
ADJUSTMENTS TO RECONCILE THE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Change in operating assets and liabilities:		
Pledges receivable	1,291,887	(1,289,948)
Prepaid expenses	(75,553)	(4,296)
Due from related party	(65,460)	-
Investments	(32,538)	-
Other receivables	(5,182)	(12,692)
Accounts payable	30,367	-
Accrued expenses	44,514	147,061
Deferred conference revenue	(1,073)	28,750
	1,186,962	(1,131,125)
NET INCREASE IN CASH	138,722	530,112
CASH, BEGINNING OF YEAR	1,420,717	890,605
CASH, END OF YEAR	\$ 1,559,439	\$ 1,420,717

See accompanying notes

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

Citizens' Climate Education Corp. (the "Organization") trains individuals to educate political leaders, the media, and the general public about climate change solutions. The Organization's programs explain the many benefits of fair, effective, and transparent climate action. 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.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Basis of presentation – The Organization follows the recommendation 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, revenue and gains, expenses and losses be classified as with donor restrictions and without donor restrictions.

Estimates – The preparation of financial statements in conformity with generally accepted accounting 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 of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fair value measurement – The Organization follows accounting standards consistent with the Financial Accounting Standards Board (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 restriction – Net assets without donor restriction represent expendable funds available for operations that are not otherwise limited by donor restrictions. Net assets without donor restriction also include amounts designated for certain purposes by the Board of Directors. At December 31, 2018 and 2017, the Organization had \$1,495,638 and \$1,004,836 of net assets without donor restriction, respectively.

Net assets with donor restriction – Net assets with donor restriction are consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may recognize the funds or recognize the support. At December 31, 2018 and 2017, the Organization had donor restricted net assets of \$185,958 and \$1,725,000, 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 \$1,011,000 and \$481,000 in excess of the federally insured deposit limits at December 31, 2018 and 2017, respectively.

Investments – Investments are carried at fair market value. Income on investments are recognized as revenue in the period it is earned, and realized and unrealized gains and losses are recognized as changes in net assets in the accounting period in which they occur. The Organization receives investments from donors and converts them into cash immediately.

Receivables – Receivables 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, 2018 and 2017, management did not write off any amount of its receivables.

Contributions – Contributions received are considered to be unrestricted 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 net assets with donor restrictions and then released from restriction in the same period.

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 like 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)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code.

The Organization follows accounting standards which clarify the accounting for uncertainty in income taxes recognized in the Organization's 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 expected to be taken in a tax return. As of December 31, 2018 and 2017, 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.

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In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization's management elected to adopt this ASU effective in the year ending December 31, 2018.

The new standards change the following aspects of the Organization's financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (note 8).
- The net asset disclosures and the functional expense disclosures were expanded (note 6).

Reclassifications – The prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. Such reclassifications have no effect on the net assets.

**NOTE 3 RELATED PARTY**

The Organization's sister organization, Citizens' Climate Lobby ("CCL"), is a 501(c)(4) organized to lobby for specific climate change solutions. During the years ended December 31, 2018 and 2017, CCL reimbursed the Organization a total of \$635,500 and \$450,001, respectively, for expenses incurred by the Organization on CCL's behalf. During the years ended December 31, 2018 and 2017, the Organization had \$166,601 and \$0 of shared conference revenue with CCL, respectively. As of December 31, 2018 and 2017, \$65,460 and \$0 was due between CCL and the Organization, respectively.

**NOTE 4 INVESTMENTS**

Investments are held at fair market value and consist of the following at December 31, 2018:

	Cost	Fair value
Equities	\$ 29,659	\$ 31,012
Exchange traded funds	1,526	1,526
	\$ 31,185	\$ 32,538

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**NOTE 5 ACCRUED EXPENSES**

Accrued expenses consists of the following:

	<u>2018</u>	<u>2017</u>
Credit cards payable	\$ 136,992	\$ 152,226
Accrued vacation	66,381	40,500
Accrued payroll	45,217	32,618
Accrued expenses	21,268	-
	<u>\$ 269,858</u>	<u>\$ 225,344</u>

**NOTE 6 NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
With donor restrictions:		
Subject to expenditure for specific purpose:		
General program restrictions	\$ 185,958	\$ 200,000
Time restrictions	-	1,525,000
Total net assets with donor restrictions	<u>185,958</u>	<u>1,725,000</u>
Without donor restrictions		
Unrestricted and undesignated	1,495,638	1,004,836
Total net assets	<u>\$ 1,681,596</u>	<u>\$ 2,729,836</u>

**CITIZENS' CLIMATE EDUCATION CORP  
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Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors during the years ended December 31 are as follows:

	2018	2017
Purpose restrictions accomplished:		
International projects	\$ 89,042	\$ 50,000
Veteran's outreach	30,000	-
Carbon Pricing Studies	15,000	-
Diversity scholarships	10,000	-
	144,042	50,000
 Expiration of time restrictions:		
Passage of time restrictions	1,525,000	500,000
	\$ 1,669,042	\$ 550,000

The change as a result of the new accounting pronouncements as outlined in note 2 have the following effects on the net assets at December 31, 2017:

	As originally presented	After adoption of ASU 2016-14
<u>Net asset class</u>		
Unrestricted net assets	\$ 1,004,836	\$ -
Temporarily restricted net assets	1,725,000	-
Net assets without donor restrictions	-	1,004,836
Net assets with donor restrictions	-	1,725,000
Total net assets	\$ 2,729,836	\$ 2,729,836

**NOTE 7    COMMITMENTS**

The Organization subleases office space in the District of Columbia under an operating lease. On March 8, 2018, the Organization entered into a new operating lease agreement to move into a new space. The 12 month base rent of \$48,000 is payable in 12 monthly installments of \$4,000.

Additionally, the Organization leases office space in San Diego under an operating lease. In 2017, the Organization rented office space in San Diego on a month to month basis for \$2,731 per month. The organization signed a 12 month lease for the same office space starting November 19, 2018. The base rent is \$2,800 payable every month. The total rent expense was \$65,756 and \$44,320 for the years ended December 31, 2018 and 2017, respectively.

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**NOTE 8 LIQUIDITY AND AVAILABILITY**

The Organization is substantially supported by contributions 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 entity has historically had an average of approximately \$854,000 in donations without restrictions every year.

The goal is to be able to function within the boundaries of the income received throughout the year. Occasionally, the entity receives contributions with restrictions. As of December 31, 2018, the entity has approximately \$186,000 of net assets with donor restrictions which are program related restrictions.

These funds can be used for expenditures within the guidelines established by the donor with time or purpose restrictions. Donations without restrictions total approximately \$1,480,000 as of December 31, 2018. 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 entity's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities and other obligations come due. The entity 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, 2018, reduced by the amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date:

Financial assets, at year-end:	
Cash	\$ 1,559,439
Pledges receivables	248,061
Investments	32,538
	<hr/> 1,840,038
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions	
Donor-restricted to specific programs	(185,958)
Financial assets available to meet cash needs for general expenditures within one year	<hr/> <u>\$ 1,654,080</u>

**NOTE 9 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 8, 2019, 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.