

**CITIZENS' CLIMATE LOBBY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018 (AUDITED)  
AND 2017 (REVIEWED)**

## CITIZENS' CLIMATE LOBBY

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of Citizens' Climate Lobby, a nonprofit organization, which comprise of the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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.

## 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, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

## Prior Period Financial Statements

The 2017 financial statements were reviewed by us, and our report thereon, dated May 24, 2018, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

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

CONSIDINE & CONSIDINE  
An accountancy corporation

August 19, 2019

**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018 (AUDITED) AND 2017 (REVIEWED)**

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	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 596,484	\$ 476,231
Accounts receivable	6,110	-
Prepaid expenses	<u>4,961</u>	<u>-</u>
TOTAL ASSETS	<u><u>607,555</u></u>	<u><u>476,231</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to related party (note 3)	65,460	-
NET ASSETS (note 4)		
Without donor restrictions	<u>542,095</u>	<u>476,231</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 607,555</u></u>	<u><u>\$ 476,231</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, 2018 (AUDITED)**

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Contributions and grants	\$ 661,103	\$ -	\$ 661,103
Conference revenue	21,170	-	21,170
	682,273	-	682,273
NET ASSETS RELEASED FROM RESTRICTIONS (note 4)	-	-	-
TOTAL REVENUE AND OTHER SUPPORT	682,273	-	682,273
EXPENSES			
Program services	461,858	-	461,858
Management and general	69,651	-	69,651
Development	84,900	-	84,900
	616,409	-	616,409
CHANGE IN NET ASSETS	65,864	-	65,864
NET ASSETS, BEGINNING OF YEAR	476,231	-	476,231
NET ASSETS, END OF YEAR	\$ 542,095	\$ -	\$ 542,095

See accompanying notes

**CITIZENS' CLIMATE LOBBY**  
**A NONPROFIT ORGANIZATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (REVIEWED)**

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND OTHER SUPPORT			
Contributions and grants	\$ 526,606	\$ -	\$ 526,606
Conference revenue	183,610	-	183,610
	710,216	-	710,216
NET ASSETS RELEASED FROM RESTRICTIONS (note 4)	19,000	(19,000)	-
TOTAL REVENUE AND SUPPORT	729,216	(19,000)	710,216
EXPENSES			
Program services	407,146	-	407,146
Management and general	36,514	-	36,514
Development	32,768	-	32,768
	476,428	-	476,428
CHANGE IN NET ASSETS	252,788	(19,000)	233,788
NET ASSETS, BEGINNING OF YEAR	223,443	19,000	242,443
NET ASSETS, END OF YEAR	\$ 476,231	\$ -	\$ 476,231

See accompanying notes

**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018 (AUDITED)**

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Advertising and marketing	\$ 37,095	\$ -	\$ 37,095	\$ 74,190
Bank and other fees	8,580	1,107	17,989	27,676
Conference and meetings	59,197	-	-	59,197
Employee benefits	6,110	616	540	7,266
Insurance	5,476	5,476	-	10,952
Lobbying	61,496	-	-	61,496
Office	4,945	499	437	5,881
Payroll taxes	16,073	1,621	1,421	19,115
Professional services	-	34,279	4,237	38,516
Rent	23,082	2,328	2,041	27,451
Salaries and wages	212,696	21,451	18,803	252,950
Technology	22,543	2,274	1,993	26,810
Travel	4,565	-	344	4,909
	<u>461,858</u>	<u>69,651</u>	<u>84,900</u>	<u>616,409</u>
TOTAL EXPENSES	<u>\$ 461,858</u>	<u>\$ 69,651</u>	<u>\$ 84,900</u>	<u>\$ 616,409</u>

See accompanying notes



**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017 (REVIEWED)**

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Advertising and marketing	\$ 2,501	\$ -	\$ 2,501	\$ 5,001
Bank and other fees	3,495	451	7,327	11,273
Conference and meetings	157,716	-	-	157,716
Professional services	-	11,977	1,480	13,457
Rent	37,839	3,816	3,345	45,000
Salaries and wages	176,581	17,809	15,611	210,000
Technology	24,406	2,461	2,158	29,025
Travel	4,609	-	347	4,956
	<u>407,146</u>	<u>36,514</u>	<u>32,768</u>	<u>476,428</u>
TOTAL EXPENSES	<u>\$ 407,146</u>	<u>\$ 36,514</u>	<u>\$ 32,768</u>	<u>\$ 476,428</u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 (AUDITED) AND 2017 (REVIEWED)**

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	<u>2018</u>	<u>2017</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 65,864	\$ 233,788
ADJUSTEMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in operating assets and liabilities:		
Accounts receivable	(6,110)	-
Prepaid expenses	(4,961)	-
Due to related party	<u>65,460</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	54,389	-
NET INCREASE IN CASH	120,253	233,788
CASH, BEGINNING OF YEAR	<u>476,231</u>	<u>242,443</u>
CASH, END OF YEAR	<u><u>\$ 596,484</u></u>	<u><u>\$ 476,231</u></u>

See accompanying notes

**CITIZENS' CLIMATE LOBBY  
A NONPROFIT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018 (AUDITED) AND 2017 (REVIEWED)**

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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 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 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 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 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, 2018 and 2017, the Organization had \$542,095 and \$476,231, 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 passage of time before the Organization may recognize the funds or recognize the support. At December 31, 2018 and 2017, the Organization did not have any net assets with donor restrictions.

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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 \$284,000 and \$220,000 in excess of the federally insured deposit limits at December 31, 2018 and 2017, respectively.

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.

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)(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, 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.

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.

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The new standards change the following aspects of 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 5).
- The net asset disclosures and functional expense disclosures were expanded (note 4).

**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, 2018 and 2017, the Organization reimbursed CCE a total of \$635,500 and \$450,001, respectively, for expenses incurred by CCE on the Organization's behalf. As of December 31, 2018 and 2017, \$65,460 and \$0 was due between CCE and the Organization, respectively.

**NOTE 4 NET ASSETS**

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

	<u>2018</u>	<u>2017</u>
Without donor restrictions:		
Unrestricted and undesignated	<u>\$ 542,095</u>	<u>\$ 476,231</u>

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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Purpose restrictions accomplished	<u>\$ -</u>	<u>\$ 19,000</u>

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

<u>Net asset class</u>	<u>As originally presented</u>	<u>After adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 476,231	\$ -
Net assets without donor restrictions	<u>-</u>	<u>476,231</u>
Total net assets	<u>\$ 476,231</u>	<u>\$ 476,231</u>

**NOTE 5 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 Organization has historically had an average of \$309,518 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, 2018, the Organization has \$0 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 \$542,000. 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.

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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 statement of financial position date:

Financial assets, at year-end:

Cash	\$ 596,484
Accounts receivable	6,110

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

\$ 602,594

As of December 31, 2018, the Organization does not have any assets that would only be available for use after one year.

**NOTE 6     SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 19, 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.