

CITIZENS' CLIMATE EDUCATION CORP
FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

CITIZENS' CLIMATE EDUCATION CORP

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Citizens' Climate Education Corp, a nonprofit organization, which comprise of the statements of financial position as of December 31, 2016 and 2015, 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 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 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.

Earning Your Trust Since 1946

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, a nonprofit organization, as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the year 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

June 28, 2017

**CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
ASSETS		
ASSETS		
Cash	\$ 890,605	\$ 714,798
Pledge Receivable	250,000	250,000
Prepaid Expenses	6,277	-
Other Receivable	-	2,888
	<u>1,146,882</u>	<u>967,686</u>
TOTAL ASSETS	<u><u>1,146,882</u></u>	<u><u>967,686</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued Expenses (Note 3)	78,283	9,926
NET ASSETS (Note 4)		
Unrestricted Net Assets	1,018,599	657,760
Temporarily Restricted Net Assets	50,000	300,000
	<u>1,068,599</u>	<u>957,760</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,146,882</u></u>	<u><u>\$ 967,686</u></u>

See Accompanying Notes to the Financial Statements

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
CONTRIBUTIONS AND OTHER INCOME			
Contributions and Grants	\$ 2,197,631	\$ 50,000	\$ 2,247,631
Conference Revenue	163,200	-	163,200
Investment Income	1,075	-	1,075
	2,361,906	50,000	2,411,906
Net Assets Released From Restriction	300,000	(300,000)	-
TOTAL CONTRIBUTIONS AND OTHER INCOME	2,661,906	(250,000)	2,411,906
EXPENSES			
Program Services	2,016,659	-	2,016,659
Management and General	167,632	-	167,632
Development	116,776	-	116,776
	2,301,067	-	2,301,067
CHANGE IN NET ASSETS	360,839	(250,000)	110,839
NET ASSETS, BEGINNING	657,760	300,000	957,760
NET ASSETS, ENDING	\$ 1,018,599	\$ 50,000	\$ 1,068,599

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CONTRIBUTIONS AND OTHER INCOME			
Contributions and Grants	\$ 1,718,331	\$ 550,000	\$ 2,268,331
Conference Revenue	95,129	-	95,129
Investment Income	(784)	-	(784)
	<u>1,812,676</u>	<u>550,000</u>	<u>2,362,676</u>
Net Assets Released From Restriction	300,000	(300,000)	-
TOTAL CONTRIBUTIONS AND OTHER INCOME	<u>2,112,676</u>	<u>250,000</u>	<u>2,362,676</u>
EXPENSES			
Program Services	1,322,603	-	1,322,603
Management and General	168,625	-	168,625
Development	123,937	-	123,937
	<u>1,615,165</u>	<u>-</u>	<u>1,615,165</u>
CHANGE IN NET ASSETS	497,511	250,000	747,511
NET ASSETS, BEGINNING	<u>160,249</u>	<u>50,000</u>	<u>210,249</u>
NET ASSETS, ENDING	<u><u>\$ 657,760</u></u>	<u><u>\$ 300,000</u></u>	<u><u>\$ 957,760</u></u>

See Accompanying Notes to the Financial Statements

**CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Advertising and Marketing	\$ 32,498	\$ -	\$ -	\$ 32,498
Bank and Other Fees	48,386	3,642	-	52,028
Conference and Meeting	196,897	-	-	196,897
Employee Benefits	8,669	-	-	8,669
Fundraising	-	-	17,285	17,285
Insurance	-	10,707	-	10,707
Office Expense	-	4,308	-	4,308
Payroll Taxes	87,180	4,898	5,877	97,955
Professional Fees	-	12,648	-	12,648
Rent	-	32,249	-	32,249
Salaries and Wages	1,388,601	78,011	93,614	1,560,226
Telephone and Internet	9,949	6,648	-	16,597
Training and Education	192,923	14,521	-	207,444
Travel	51,556	-	-	51,556
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	<u>\$ 2,016,659</u>	<u>\$ 167,632</u>	<u>\$ 116,776</u>	<u>\$2,301,067</u>

See Accompanying Notes to the Financial Statements

**CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	PROGRAM	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Advertising and Marketing	\$ 22,404	\$ -	\$ -	\$ 22,404
Bank and Other Fees	30,397	2,288	-	32,685
Conference and Meeting	163,295	-	-	163,295
Employee Benefits	1,176	-	-	1,176
Fundraising	-	-	24,330	24,330
Grants and Donations	10,548	-	-	10,548
Insurance	-	14,958	-	14,958
Office Expense	-	12,395	-	12,395
Payroll Taxes	65,300	3,797	6,834	75,931
Professional Fees	-	9,539	-	9,539
Rent	-	39,529	-	39,529
Salaries and Wages	865,667	72,366	92,773	1,030,806
Telephone and Internet	4,399	4,697	-	9,096
Training and Education	120,316	9,056	-	129,372
Travel	39,101	-	-	39,101
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 1,322,603	\$ 168,625	\$ 123,937	\$1,615,165

**CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 110,839	\$ 747,511
ADJUSTMENTS TO RECONCILE THE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Operating Assets and Liabilities:		
Pledge Receivable	-	(250,000)
Prepaid Expenses	(6,277)	-
Other Receivable	2,888	(2,488)
Accrued Expenses	68,357	(3,965)
	<u>64,968</u>	<u>(256,453)</u>
NET INCREASE IN CASH	175,807	491,058
CASH, BEGINNING	714,798	223,740
CASH, ENDING	<u>\$ 890,605</u>	<u>\$ 714,798</u>

See Accompanying Notes to the Financial Statements

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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NOTE 1 THE ORGANIZATION

Citizens' Climate Education (the "Organization") works 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 have been prepared using the accrual method in conformity with accounting principles generally accepted (GAAP) in the United States.

Basis of Presentation - Financial statement presentation follows the recommendation of Financial Accounting Standards for financial statements of Not-for-Profit Organizations. Under accounting standards on Financial Statements of Not-for-Profit Organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, 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.

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Assets - Unrestricted amounts represent expendable funds available for operations that are not otherwise limited by donor restrictions. Unrestricted net assets also include amounts designated for certain purposes by the Board of Directors. At December 31, 2016 and 2015, the Organization had \$1,018,599 and \$657,760 of unrestricted net assets, respectively.

Temporarily Restricted Net Assets - Temporarily restricted amounts 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, 2016 and 2015, the Organization had \$50,000 and \$300,000 of temporarily restricted net assets, respectively.

Permanently Restricted Net Assets - Permanently restricted amounts are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations. At December 31, 2016 and 2015, the Organization did not have any permanently restricted net assets.

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 \$363,909 and \$384,706 in excess of the federally insured deposit limits at December 31, 2016 and 2015, respectively.

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, 2016 and 2015, management did not write off any amount of its receivables.

CITIZENS' CLIMATE EDUCATION CORP
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NOTES TO FINANCIAL STATEMENTS
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NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 temporarily restricted net assets. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities 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 temporarily restricted and then released from restriction in the same period.

Investments - The Organization receives investments from donors and converts them into cash immediately.

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 the limitations prescribed by the Code.

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, 2016 and 2015, 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.

Reclassifications - Certain reclassifications have been made to the 2015 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 3 ACCRUED EXPENSES

Accrued expenses consist of the following:

	2016	2015
Accrued Payroll	\$ 13,331	\$ 4,343
Accrued Vacation	30,569	8,596
Credit Cards Payable	34,383	(3,013)
	\$ 78,283	\$ 9,926

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent contributions and other inflows received by the Organization, which are limited in use by the donor-imposed stipulations.

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purpose:

	2016	2015
General Program Expenses	\$ -	\$ 250,000
International Conference	50,000	50,000
	\$ 50,000	\$ 300,000

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	2016	2015
General Program Expenses	\$ 250,000	\$ 250,000
International Conference	50,000	50,000
	\$ 300,000	\$ 300,000

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NOTES TO FINANCIAL STATEMENTS
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NOTE 5 RELATED PARTY

The Organization's sister organization, Citizens' Climate Lobby, is a 501(c)(4) organized to lobby for specific climate change solutions. During the years ended December 31, 2016 and 2015, Citizens' Climate Lobby reimbursed the Organization a total of \$221,000 and \$81,402 for lobbying expenses, respectively. During the years ended December 31, 2016 and 2015, the Organization shared conference revenue of \$0 and \$35,953, respectively, with Citizens' Climate Lobby. As of December 31, 2016 and 2015, no amounts were due between Citizens' Climate Lobby and the Organization.

NOTE 6 COMMITMENTS

The Organization subleases office space in the District of Columbia under an operating lease. On December 15, 2015, the Organization renewed the original sublease dated January 31, 2014. The renewal term expires on January 31, 2017. The 12 month base rent of \$13,380 is payable in 12 monthly installments of \$1,115. Additionally, the Organization leases office space in San Diego under an operating lease. On January 11, 2016, the Organization amended the lease to change one of the suites. The monthly rent of \$2,131 remained unchanged. The termination date of the lease is April 6, 2017. The total rent expense was \$32,249 and \$39,529 for the years ended December 31, 2016 and 2015, respectively.

NOTE 7 SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 28, 2017, 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 noted below.

During 2017, the Organization extended its two office space leases under substantially similar terms to its current lease commitments.