

CITIZENS' CLIMATE EDUCATION CORP
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

CITIZENS' CLIMATE EDUCATION CORP

	<u>Page</u>
I. Independent Auditor's Report	2 - 3
II. Statements of Financial Position	4
III. Statements of Activities and Changes in Net Assets	5 - 6
IV. Statements of Functional Expenses	7 - 8
V. Statements of Cash Flows	9
VI. Notes to the Financial Statements	10 - 14

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, 2017 and 2016, 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, 2017 and 2016, 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.

A handwritten signature in black ink that reads "Considine & Considine". The signature is written in a cursive, slightly stylized font.

CONSIDINE & CONSIDINE
An Accountancy Corporation

May 24, 2018

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

Page 4

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,420,717	\$ 890,605
Pledges Receivable	1,539,948	250,000
Prepaid Expenses	10,573	6,277
Other Receivables	12,692	-
TOTAL ASSETS	2,983,930	1,146,882
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses (Note 3)	225,344	78,283
Deferred Conference Revenue	28,750	-
	254,094	78,283
NET ASSETS (Note 4)		
Unrestricted Net Assets	1,004,836	1,018,599
Temporarily Restricted Net Assets	1,725,000	50,000
	2,729,836	1,068,599
TOTAL LIABILITIES AND NET ASSETS	\$ 2,983,930	\$ 1,146,882

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, 2017

Page 5

	Unrestricted	Temporarily Restricted	Total
CONTRIBUTIONS AND OTHER INCOME			
Contributions and Grants	\$ 2,468,975	\$ 2,225,000	\$ 4,693,975
Conference Revenue	135,174	-	135,174
Investment Income	405	-	405
	2,604,554	2,225,000	4,829,554
Net Assets Released From Restriction	550,000	(550,000)	-
TOTAL CONTRIBUTIONS AND OTHER INCOME	3,154,554	1,675,000	4,829,554
EXPENSES			
Program Services	2,772,738	-	2,772,738
Management and General	207,015	-	207,015
Development	188,564	-	188,564
	3,168,317	-	3,168,317
CHANGE IN NET ASSETS	(13,763)	1,675,000	1,661,237
NET ASSETS, BEGINNING	1,018,599	50,000	1,068,599
NET ASSETS, ENDING	\$ 1,004,836	\$ 1,725,000	\$ 2,729,836

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

Page 6

	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	1,993,387	-	1,993,387
Management and General	189,840	-	189,840
Development	117,840	-	117,840
	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

See Accompanying Notes to the Financial Statements

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

Page 7

	PROGRAM	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Advertising and Marketing	\$ 39,110	\$ -	\$ 17,003	\$ 56,113
Bank and Other Fees	54,208	4,080	-	58,288
Conference and Meetings	343,248	-	-	343,248
Employee Benefits	29,149	1,638	1,965	32,752
Insurance	-	25,182	-	25,182
Office	65,328	3,670	4,403	73,401
Payroll Taxes	124,055	6,969	8,364	139,388
Professional Fees	-	30,557	23,659	54,216
Rent	39,445	2,216	2,659	44,320
Salaries and Wages	1,835,419	103,113	123,737	2,062,269
Telephone and Internet	29,416	19,655	-	49,071
Training and Education	131,992	9,935	-	141,927
Travel	81,368	-	6,774	88,142
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 2,772,738	\$ 207,015	\$ 188,564	\$3,168,317

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**

Page 8

	PROGRAM	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Advertising and Marketing	\$ 10,290	\$ -	\$ 6,945	\$ 17,235
Bank and Other Fees	48,386	3,642	-	52,028
Conference and Meetings	196,897	-	-	196,897
Employee Benefits	8,669	-	-	8,669
Insurance	-	10,707	-	10,707
Office	-	26,516	11,404	37,920
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	50,492	-	-	50,492
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 1,993,387	\$ 189,840	\$ 117,840	\$2,301,067

See Accompanying Notes to the Financial Statements

**CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

Page 9

	2017	2016
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,661,237	\$ 110,839
ADJUSTMENTS TO RECONCILE THE CHANGE IN NET ASSETS TO NET CASH (USED)/ PROVIDED BY OPERATING ACTIVITIES		
Change in Operating Assets and Liabilities:		
Pledges Receivable	(1,289,948)	-
Prepaid Expenses	(4,296)	(6,277)
Other Receivables	(12,692)	2,888
Accrued Expenses	147,061	68,357
Deferred Revenue	28,750	-
	(1,131,125)	64,968
NET INCREASE IN CASH	530,112	175,807
CASH, BEGINNING	890,605	714,798
CASH, ENDING	\$ 1,420,717	\$ 890,605

See Accompanying Notes to the Financial Statements

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Page 10

NOTE 1 THE ORGANIZATION

Citizens' Climate Education (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 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
DECEMBER 31, 2017 AND 2016

Page 11

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, 2017 and 2016, the Organization had \$1,004,836 and \$1,018,599 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, 2017 and 2016, the Organization had \$1,725,000 and \$50,000 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, 2017 and 2016, 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 \$481,436 and \$363,909 in excess of the federally insured deposit limits at December 31, 2017 and 2016, 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, 2017 and 2016, management did not write off any amount of its receivables.

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Page 12

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, 2017 and 2016, 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 - The prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. Such reclassifications have no effect on total assets or net earnings.

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 ACCRUED EXPENSES

Accrued expenses consist of the following:

	2017	2016
Accrued Payroll	\$ 32,618	\$ 13,331
Accrued Vacation	40,500	30,569
Credit Cards Payable	152,226	34,383
	\$ 225,344	\$ 78,283

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, 2017 and 2016 are available for the following purpose:

	2017	2016
General Program Expenses	\$ 1,575,000	\$ -
International Development	150,000	50,000
	\$ 1,725,000	\$ 50,000

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:

	2017	2016
General Program Expenses	\$ 550,000	\$ 250,000
International Conference	-	50,000
	\$ 550,000	\$ 300,000

CITIZENS' CLIMATE EDUCATION CORP
A NONPROFIT ORGANIZATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Page 14

NOTE 5 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, 2017 and 2016, CCL reimbursed the Organization a total of \$450,001 and \$221,000, respectively, for expenses incurred by the Organization on CCL's behalf. During the years ended December 31, 2017 and 2016, the Organization had no shared conference revenue with CCL. As of December 31, 2017 and 2016, no amounts were due between CCL and the Organization.

NOTE 6 COMMITMENTS

The Organization subleases office space in the District of Columbia under an operating lease. On February 1, 2017 the Organization renewed their lease originally dated January 31, 2016. The 12 month base rent of \$13,740 is payable in 12 monthly installments of \$1,145. As of May 1, 2017 the Organization entered into a new lease to expand the space currently occupied. The base rent on the additional space is \$1,150 a month. The renewal period for both leases ends on January 31, 2018.

Additionally, the Organization leases office space in San Diego under an operating lease. On April 6, 2017 the lease on the San Diego office terminated. However, the Organization continues to rent the space on a month to month basis for \$2,731 per month. The total rent expense was \$45,249 and \$32,249 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 24, 2018, 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 in D.C. under substantially similar terms to its current lease commitments.