

CITIZENS FOR PENNSYLVANIA'S FUTURE

FINANCIAL STATEMENTS

JUNE 30, 2000 and 1999

CITIZENS FOR PENNSYLVANIA'S FUTURE

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425 Commerce Drive • Suite 150
Fort Washington, Pennsylvania 19034-2796
(215) 641-8300 • Fax (215) 641-8335
E-mail: info@rkgcpa.com



2727 West Chester Pike
Broomall, Pennsylvania 19008-1889
(610) 325-0635

Robin Kramer & Green, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
CITIZENS FOR PENNSYLVANIA'S FUTURE
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of CITIZENS FOR PENNSYLVANIA'S FUTURE (a nonprofit organization) as of June 30, 2000 and 1999, and the related statements of activities, functional expenses, and cash flows for the year ended June 30, 2000 and from December 2, 1998 (inception date) to June 30, 1999. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CITIZENS FOR PENNSYLVANIA'S FUTURE as of June 30, 2000 and 1999, and the changes in its net assets, functional expenses, and its cash flows for the year ended June 30, 2000 and from December 2, 1998 (inception date) to June 30, 1999 in conformity with generally accepted accounting principles.

Robin Kramer & Green, LLP

August 17, 2000

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2000	1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Notes 2 and 3)	\$ 1,395,333	\$ 399,320
Accounts receivable	26,802	73,749
Prepaid expenses and other current assets	57,480	63,127
Total Current Assets	1,479,615	536,196
EQUIPMENT (Note 2)		
Furniture and fixtures	34,072	18,247
Computer equipment	47,831	30,820
Telephone system	11,925	11,925
	93,828	60,992
Less: Accumulated depreciation	29,183	5,578
	64,645	55,414
OTHER ASSETS		
Security deposits	5,956	5,956
Investment (Note 4)	3,800	-
	9,756	5,956
	\$ 1,554,016	\$ 597,566
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 127,332	\$ 110,797
Withheld payroll taxes	103	540
Total Current Liabilities	127,435	111,337
NET ASSETS - UNRESTRICTED (Note 2)	1,426,581	486,229
	\$ 1,554,016	\$ 597,566

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF ACTIVITIES

	<u>Year Ended June 30, 2000</u>	<u>December 2, 1998 (Inception Date) to June 30, 1999*</u>
PUBLIC SUPPORT AND REVENUE		
Grants	\$ 2,155,000	\$ 745,000
Technical assistance	121,363	79,825
Membership fee	9,209	-
Investment and other income	<u>75,219</u>	<u>13,216</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,360,791</u>	<u>838,041</u>
EXPENSES		
Program services (Note 2)	<u>1,163,356</u>	<u>292,912</u>
Support services		
Management and general	166,651	58,300
Lobbying	8,335	600
Fund Raising	<u>82,097</u>	<u>-</u>
Total Support Services	<u>257,083</u>	<u>58,900</u>
TOTAL EXPENSES	<u>1,420,439</u>	<u>351,812</u>
INCREASE IN NET ASSETS - UNRESTRICTED	940,352	486,229
NET ASSETS - UNRESTRICTED - BEGINNING OF PERIOD	<u>486,229</u>	<u>-</u>
NET ASSETS - UNRESTRICTED - END OF PERIOD	<u>\$ 1,426,581</u>	<u>\$ 486,229</u>

* Reclassified to conform to present year presentation

See Accompanying Notes to Financial Statements

**CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended June 30, 2000				December 2, 1998 (Inception Date) to June 30, 1999 *			
	Support Services		Fund Raising		Support Services		Fund Raising	
	Program Services	Management and General	Lobbying	Total	Program Services	Management and General	Lobbying	Total
Payroll	\$ 641,816	\$ 110,567	\$ 4,667	\$ 812,462	\$ 179,926	\$ 44,133	\$ -	\$ 224,059
Payroll taxes and other fringe benefits	72,238	12,445	525	91,445	31,742	4,329	-	36,071
Advertising	714,054	123,012	5,192	903,907	211,668	48,462	-	260,130
Awards and sub-grants	58,615	-	-	58,615	2,610	356	-	2,966
Bad debts	38,497	-	-	38,497	13,863	-	-	13,863
Computer expenses	21,934	-	-	21,934	-	-	-	-
Consultants and contract labor	326	61	8	407	150	-	-	150
Conferences and meetings	84,877	-	727	85,604	6,344	-	-	6,344
Depreciation (Note 2)	7,751	-	-	7,751	526	72	-	598
Dues, subscriptions, and membership fees	20,064	2,361	-	23,605	668	600	-	5,578
Education fees	235	-	-	235	-	320	-	920
Fund raising expenses	1,337	-	-	1,337	475	65	-	540
Insurance	-	-	-	-	-	-	-	-
Internet expenses	5,572	5,572	-	11,144	200	1,332	-	1,532
Office equipment leases and maintenance (Note 3)	26,742	3,343	-	33,428	1,683	229	-	1,912
Postage	3,625	3,625	-	7,250	540	74	-	614
Printing and publications	4,061	3,248	-	8,121	612	84	-	696
Professional fees	12,230	1,529	-	15,288	1,331	181	-	1,512
Rent (Note 3)	-	14,207	-	14,207	4,345	593	-	4,938
Research and other	46,990	5,528	-	55,282	16,474	2,246	-	18,720
Supplies	13,035	-	-	13,035	656	-	-	656
Telephone	41,050	-	-	41,050	8,576	1,170	-	9,746
Travel	33,317	4,165	2,082	41,646	6,460	881	-	7,341
	29,044	-	326	32,633	11,489	1,567	-	13,056
TOTAL EXPENSES	\$ 1,163,356	\$ 166,651	\$ 8,335	\$ 1,420,439	\$ 292,912	\$ 58,300	\$ 600	\$ 351,812

* Reclassified to conform to present year presentation

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF CASH FLOWS

	<u>Year Ended June 30,</u> 2000	<u>December 2, 1998</u> <u>(Inception Date) to</u> <u>June 30, 1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 940,352	\$ 486,229
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	23,605	5,578
(Increase) decrease in assets		
Accounts receivable	46,947	(73,749)
Prepaid expenses and other current assets	5,647	(63,127)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	16,535	110,797
Withheld payroll taxes	(437)	540
	<u>1,032,649</u>	<u>466,268</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(32,836)	(60,992)
Increase in security deposits		(5,956)
Acquisition of investment	(3,800)	-
	<u>(36,636)</u>	<u>(66,948)</u>
Net cash (used by) investing activities		
	<u>996,013</u>	<u>399,320</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>399,320</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD		
	<u>\$ 1,395,333</u>	<u>\$ 399,320</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD		

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

CITIZENS FOR PENNSYLVANIA'S FUTURE, (PennFuture) is a non-profit organization. PennFuture was incorporated as a Pennsylvania non-profit corporation. PennFuture engages in multi-faceted activities designed to help Pennsylvanians protect their natural resources while preserving their economic security. PennFuture will also provide citizens, organizations and members with education, technical assistance and legal representation. PennFuture will provide leadership, information and technical assistance to enable government, businesses, nonprofit organizations, community groups, and individuals to develop an environmentally sensitive and prosperous economy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of PennFuture have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization reported 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of public support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, PennFuture considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.

Equipment and Depreciation

Equipment with a cost in excess of \$500 is recorded at cost and depreciated by use of the straight-line method over the estimated useful lives of the related assets.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Contributions

The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of and/or nature of donor restrictions, if any. Under SFAS No. 116, contributions with donor restrictions other than permanent restriction are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

Program Services

Expenses are allocated to the various programs based upon direct charges for those items specifically identified with the respective programs. Other charges are allocated in accordance with an internally developed cost allocation plan.

The cost of operating the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. CREDIT RISK ARISING FROM CASH DEPOSITS

The Organization maintains their cash balances in a Harrisburg, Pennsylvania financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At certain times, the Organization's cash deposits exceed the insured amount.

4. INVESTMENTS

PennFuture has invested in 12% of the shares in Community Energy, Inc. Community Energy is to sell electricity produced by independent wind power companies to electricity consumers in Pennsylvania. The investment was made in conjunction with PennFuture's "Green Power: Turn-It-On" campaign to promote renewable energy sources in the Commonwealth.

5. COMMITMENTS

The Organization leases its Harrisburg, Philadelphia, and Pittsburgh facilities and office equipment under non-cancelable operating leases expiring between January 2001 and July 2004.

Total rent expense exclusive of operating costs of facilities and office equipment was approximately \$55,300 for the year ended June 30, 2000 and \$18,800 for the period December 2, 1998 (inception date) to June 30, 1999.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

5. COMMITMENTS (Cont'd.)

Scheduled future minimum rentals under non-cancelable leases with a term in excess of one year are as follows:

<u>Years Ending June 30,</u>	
2001	\$ 41,800
2002	19,400
2003	17,800
2004	16,800
2005	<u>1,400</u>
	<u>\$ 97,200</u>

6. FEDERAL TAX STATUS

The Internal Revenue Service has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code; as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

7. ECONOMIC DEPENDENCY

PennFuture is dependent upon grants from both the various foundations to fund 91% of program expenses. Therefore, the discontinuation of such grants would force the curtailment of many program services.

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2000					December 2, 1998 (Inception Date) to June 30, 1999 *				
	Support Services					Support Services				
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Bad debts	38,497	-	-	-	38,497	13,863	-	-	-	13,863
Computer expenses	21,934	-	-	-	21,934	-	-	-	-	-
Consultants and contract labor	326	61	8	12	407	150	-	-	-	150
Conferences and meetings	84,877	-	727	-	85,604	6,344	-	-	-	6,344
Depreciation (Note 2)	7,751	-	-	-	7,751	526	72	-	-	598
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Fund raising expenses	1,337	-	-	-	1,337	475	65	-	-	540
Insurance	5,572	5,572	-	5,463	5,463	-	-	-	-	-
Internet expenses	26,742	3,343	-	-	11,144	200	1,332	-	-	1,532
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