

CITIZENS FOR PENNSYLVANIA'S FUTURE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2001 and 2000

CITIZENS FOR PENNSYLVANIA'S FUTURE

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of CITIZENS FOR PENNSYLVANIA'S FUTURE (a nonprofit organization) as of June 30, 2001 and 2000, and the related statements of activities, functional expenses, and cash flows for the years then ended. 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 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 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, 2001 and 2000, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Robin Kramer & Green, LLP

August 10, 2001

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2001	2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Notes 2 and 3)	\$ 680,255	\$ 1,395,333
Investments (Notes 2 and 4)	5,228	-
Accounts receivable	6,084	26,802
Prepaid expenses and other current assets	53,375	57,480
	744,942	1,479,615
EQUIPMENT (Note 2)		
Furniture and fixtures	51,967	34,072
Computer equipment	68,907	47,831
Telephone system	11,925	11,925
	132,799	93,828
Less: Accumulated depreciation	52,642	29,183
	80,157	64,645
OTHER ASSETS		
Security deposits	7,681	5,956
Investment (Notes 2 and 5)	3,800	3,800
	11,481	9,756
	\$ 836,580	\$ 1,554,016
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 96,546	\$ 127,332
Withheld payroll taxes	-	103
	96,546	127,435
NET ASSETS (Notes 2 and 6)		
Unrestricted	736,950	1,426,581
Temporarily restricted	3,084	-
	740,034	1,426,581
	\$ 836,580	\$ 1,554,016

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF ACTIVITIES

	Years Ended June 30,					
	2001			2000 *		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Grants	\$ 634,000	\$ -	\$ 634,000	\$ 2,155,000	\$ -	\$ 2,155,000
Technical assistance	59,026	-	59,026	121,363	-	121,363
Meeting Income	40,121	-	40,121	5,577	-	5,577
Membership fee	7,875	-	7,875	9,209	-	9,209
Investment and other income	77,024	5,500	82,524	69,642	-	69,642
	<u>818,046</u>	<u>5,500</u>	<u>823,546</u>	<u>2,360,791</u>	<u>-</u>	<u>2,360,791</u>
Net assets released from restrictions (Note 6)	2,416	(2,416)	-	-	-	-
	<u>820,462</u>	<u>3,084</u>	<u>823,546</u>	<u>2,360,791</u>	<u>-</u>	<u>2,360,791</u>
TOTAL PUBLIC SUPPORT AND REVENUE						
EXPENSES						
Program services (Note 2)	1,330,827	-	1,330,827	1,163,356	-	1,163,356
Support services						
Management and general	87,234	-	87,234	166,651	-	166,651
Lobbying	19,814	-	19,814	8,335	-	8,335
Fund Raising	72,218	-	72,218	82,097	-	82,097
Total Support Services	<u>179,266</u>	<u>-</u>	<u>179,266</u>	<u>257,083</u>	<u>-</u>	<u>257,083</u>
TOTAL EXPENSES	<u>1,510,093</u>	<u>-</u>	<u>1,510,093</u>	<u>1,420,439</u>	<u>-</u>	<u>1,420,439</u>
INCREASE (DECREASE) IN NET ASSETS	(689,631)	3,084	(686,547)	940,352	-	940,352
NET ASSETS - BEGINNING OF YEAR	<u>1,426,581</u>	<u>-</u>	<u>1,426,581</u>	<u>486,229</u>	<u>-</u>	<u>486,229</u>
NET ASSETS - END OF YEAR	<u>\$ 736,950</u>	<u>\$ 3,084</u>	<u>\$ 740,034</u>	<u>\$ 1,426,581</u>	<u>\$ -</u>	<u>\$ 1,426,581</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, 2001					Year Ended June 30, 2000				
	Support Services					Support Services				
	Program Services	Management and General	Lobbying	Fund Raising	Total	Program Services	Management and General	Lobbying	Fund Raising	Total
Payroll	\$ 792,918	\$ 48,805	\$ 12,194	\$ 58,664	\$ 912,581	\$ 641,816	\$ 110,567	\$ 4,667	\$ 55,412	\$ 812,462
Payroll taxes and other fringe benefits	93,354	5,749	1,031	6,907	107,041	72,238	12,445	525	6,237	91,445
	<u>886,272</u>	<u>54,554</u>	<u>13,225</u>	<u>65,571</u>	<u>1,019,622</u>	<u>714,054</u>	<u>123,012</u>	<u>5,192</u>	<u>61,649</u>	<u>903,907</u>
Advertising	21,057	2,340	-	-	23,397	58,615	-	-	-	58,615
Awards and sub-grants	-	-	-	-	-	38,497	-	-	-	38,497
Bad debts	-	-	-	-	-	21,934	-	-	-	21,934
Computer expenses	1,158	92	26	39	1,315	326	61	8	12	407
Consultants and contract labor	90,087	-	5,493	-	95,580	84,877	-	727	-	85,604
Conferences and meetings	24,435	-	-	-	24,435	7,751	-	-	-	7,751
Depreciation (Note 2)	18,767	4,692	-	-	23,459	20,064	2,361	-	1,180	23,605
Dues, subscriptions, and membership fees	881	-	-	-	881	235	-	-	-	235
Education fees	209	-	-	-	209	1,337	-	-	-	1,337
Fund raising expenses	-	-	-	963	963	-	-	-	5,463	5,463
Insurance	10,558	3,519	-	-	14,077	5,572	5,572	-	-	11,144
Internet expenses	11,661	614	-	-	12,275	26,742	3,343	-	3,343	33,428
Investment expenses	2,866	716	-	-	3,582	-	-	-	-	-
Office equipment leases and maintenance (Note 7)	8,856	1,563	-	-	10,419	3,625	3,625	-	-	7,250
Postage	7,098	887	-	887	8,872	4,061	3,248	-	812	8,121
Printing and publications	29,506	3,688	-	3,688	36,882	12,230	1,529	-	1,529	15,288
Professional fees	24,198	-	-	-	24,198	-	14,207	-	-	14,207
Rent (Note 7)	62,887	6,987	-	-	69,874	46,990	5,528	-	2,764	55,282
Research and other	16,729	-	-	-	16,729	13,035	-	-	-	13,035
Supplies	24,027	2,670	-	-	26,697	41,050	-	-	-	41,050
Telephone	38,510	2,139	1,070	1,070	42,789	33,317	4,165	2,082	2,082	41,646
Travel	49,607	2,611	-	-	52,218	29,044	-	326	3,263	32,633
Video Project	1,458	162	-	-	1,620	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 1,330,827</u>	<u>\$ 87,234</u>	<u>\$ 19,814</u>	<u>\$ 72,218</u>	<u>\$ 1,510,093</u>	<u>\$ 1,163,356</u>	<u>\$ 166,651</u>	<u>\$ 8,335</u>	<u>\$ 82,097</u>	<u>\$ 1,420,439</u>

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (686,547)	\$ 940,352
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	23,459	23,605
Unrealized (gain) on investments	(314)	-
(Increase) in assets		
Accounts receivable	20,718	46,947
Prepaid expenses and other current assets	4,105	5,647
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(30,786)	16,535
Withheld payroll taxes	(103)	(437)
	<u>(669,468)</u>	<u>1,032,649</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	(4,914)	(3,800)
Acquisition of equipment	(38,971)	(32,836)
Increase in security deposits	(1,725)	-
	<u>(45,610)</u>	<u>(36,636)</u>
Net cash (used in) investing activities		
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(715,078)	996,013
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,395,333	399,320.00
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 680,255	\$ 1,395,333

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.

Marketable Securities

The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. In accordance with SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

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

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.

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 – SHORT-TERM

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The market values and cost of marketable securities available for sale are as follows:

	<u>June 30, 2001</u>	
Corporate stocks	<u>\$ 5,228</u>	<u>\$ 4,914</u>

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS – SHORT-TERM (Cont'd.)

Investment income consisted of:

	Years Ending June 30,	
	2001	2000
Dividends and interest	\$ 60,317	\$ 33,985
Unrealized gains	314	-
	<u>\$ 60,631</u>	<u>\$ 33,985</u>

5. INVESTMENT – LONG-TERM

At June 30, 2001 and 2000, 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.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	2001	2000
Higher visibility to renewable energy	<u>\$ 3,084</u>	<u>\$ -</u>

During the years ended June 30, 2001 and 2000, temporarily restricted net assets of \$2,416 and \$0, respectively, were released from donor restrictions by incurring expenses in support of general program activities.

7. COMMITMENTS

The Organization leases its Harrisburg, Philadelphia, and Pittsburgh facilities and office equipment under non-cancelable operating leases expiring between January 2002 and July 2004.

Total rent expense exclusive of operating costs of facilities and office equipment was approximately \$75,700 and \$61,000 for the years ended June 30, 2001 and 2000, respectively.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

7. 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>
2002	\$ 29,900
2003	27,300
2004	27,800
2005	<u>2,300</u>
	<u>\$ 87,300</u>

8. 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.

9. ECONOMIC DEPENDENCY

PennFuture is dependent upon grants from both the various foundations to fund 77% of program expenses. Therefore, the discontinuation of such grants would force the curtailment of many program services.