

Citizens for Pennsylvania's Future

Financial Statements

Years Ended June 30, 2017 and 2016
with Independent Auditor's Report

MaherDuessel

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CITIZENS FOR PENNSYLVANIA'S FUTURE

YEARS ENDED JUNE 30, 2017 AND 2016

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Independent Auditor's Report

**Board of Directors
Citizens for
Pennsylvania's Future**

We have audited the accompanying financial statements of Citizens for Pennsylvania's Future (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, 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.

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 for Pennsylvania's Future as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maier Duessel

Harrisburg, Pennsylvania
November 27, 2017

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 1,230,755	\$ 1,342,649
Grants receivable	673,937	320,990
Other receivables	15,640	16,360
Prepaid expenses	51,573	49,024
	<hr/>	<hr/>
Total current assets	1,971,905	1,729,023
	<hr/>	<hr/>
Investments	751,148	1,561,836
Property and equipment, net	485,376	485,287
Other assets:		
Other receivables, net of current portion	11,000	-
Security deposits	11,039	13,945
	<hr/>	<hr/>
Total other assets	22,039	13,945
	<hr/>	<hr/>
Total Assets	\$ 3,230,468	\$ 3,790,091
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
<hr/>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 260,388	\$ 184,348
Deferred revenue	10,487	10,326
	<hr/>	<hr/>
Total Current Liabilities	270,875	194,674
	<hr/>	<hr/>
Net Assets:		
Unrestricted	2,037,047	1,628,235
Temporarily restricted	922,546	1,967,182
	<hr/>	<hr/>
Total Net Assets	2,959,593	3,595,417
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 3,230,468	\$ 3,790,091
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The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Grants	\$ 16,762	\$ 1,546,984	\$ 1,563,746
Contributions	137,929	4,235	142,164
Membership fees	23,555	-	23,555
Special events	11,865	-	11,865
Rental income	39,597	-	39,597
Investment income (loss)	198,539	-	198,539
Legal income	615,601	-	615,601
Other income	-	-	-
Net assets released from restriction	2,595,855	(2,595,855)	-
Total revenues and other support	3,639,703	(1,044,636)	2,595,067
Expenses:			
Program services	2,460,772	-	2,460,772
Supporting services:			
Management and general	422,568	-	422,568
Lobbying	12,500	-	12,500
Fundraising	335,051	-	335,051
Total expenses	3,230,891	-	3,230,891
Change in Net Assets	408,812	(1,044,636)	(635,824)
Net Assets:			
Beginning of year	1,628,235	1,967,182	3,595,417
End of year	\$ 2,037,047	\$ 922,546	\$ 2,959,593

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Grants	\$ 683,676	\$ 2,915,590	\$ 3,599,266
Contributions	92,520	5,505	98,025
Membership fees	23,079	-	23,079
Special events	-	-	-
Rental income	34,268	-	34,268
Investment income (loss)	(30,242)	-	(30,242)
Legal income	13,860	-	13,860
Other income	8,536	-	8,536
Net assets released from restriction	1,469,574	(1,469,574)	-
Total revenues and other support	2,295,271	1,451,521	3,746,792
Expenses:			
Program services	1,749,929	-	1,749,929
Supporting services:			
Management and general	489,208	-	489,208
Lobbying	15,074	-	15,074
Fundraising	394,991	-	394,991
Total expenses	2,649,202	-	2,649,202
Change in Net Assets	(353,931)	1,451,521	1,097,590
Net Assets:			
Beginning of year	1,982,166	515,661	2,497,827
End of year	\$ 1,628,235	\$ 1,967,182	\$ 3,595,417

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 962,505	\$ 159,952	\$ 6,770	\$ 183,171	\$ 1,312,398
Payroll taxes and other fringe benefits	175,755	37,442	2,232	45,815	261,244
Advertising and communications	747	280	-	30	1,057
Bank and credit card charges	340	341	-	1,899	2,580
Consultants and contract labor	1,026,654	6,186	-	19,518	1,052,358
Conferences and meetings	20,810	2,401	-	10,936	34,147
Depreciation	19,003	4,780	46	4,893	28,722
Dues, subscriptions, and membership fees	15,740	4,875	-	5,133	25,748
Insurance	17,606	10,122	26	418	28,172
Internet and computer expenses	16,962	10,570	195	14,195	41,922
Investment expenses	-	12,300	-	-	12,300
Occupancy costs	110,264	31,981	1,025	21,152	164,422
Office equipment leases and maintenance	-	5,960	-	-	5,960
Postage	3,657	669	-	3,225	7,551
Printing and publications	8,137	1,377	-	12,593	22,107
Professional fees	200	116,447	-	-	116,647
Research and other	9,162	3,452	-	75	12,689
Supplies	5,280	8,017	-	1,755	15,052
Telephone	14,499	2,478	162	2,988	20,127
Travel and entertainment	53,451	2,938	2,044	7,255	65,688
Total expenses	<u>\$ 2,460,772</u>	<u>\$ 422,568</u>	<u>\$ 12,500</u>	<u>\$ 335,051</u>	<u>\$ 3,230,891</u>

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 984,490	\$ 199,791	\$ 9,383	\$ 225,966	\$ 1,419,630
Payroll taxes and other fringe benefits	215,589	47,245	2,135	51,241	316,210
Advertising and communications	11,583	944	-	-	12,527
Bank and credit card charges	323	351	-	1,743	2,417
Consultants and contract labor	242,047	7,131	-	12,617	261,795
Conferences and meetings	18,373	306	-	1,179	19,858
Depreciation	12,641	3,340	62	4,632	20,675
Dues, subscriptions, and membership fees	11,636	2,885	-	5,199	19,720
Insurance	20,447	10,137	27	271	30,882
Internet and computer expenses	45,415	5,970	87	31,576	83,048
Investment expenses	-	13,553	-	-	13,553
Occupancy costs	94,972	46,716	1,084	21,617	164,389
Office equipment leases and maintenance	-	6,007	-	-	6,007
Postage	566	680	-	11,500	12,746
Printing and publications	1,927	-	-	13,703	15,630
Professional fees	-	124,597	10	-	124,607
Research and other	9,477	-	-	251	9,728
Supplies	1,859	11,120	-	437	13,416
Telephone	18,607	3,402	119	3,559	25,687
Travel and entertainment	59,977	5,033	2,167	9,500	76,677
Total expenses	<u>\$ 1,749,929</u>	<u>\$ 489,208</u>	<u>\$ 15,074</u>	<u>\$ 394,991</u>	<u>\$ 2,649,202</u>

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
Cash Flows From Operating Activities:		
Change in net assets	\$ (635,824)	\$ 1,097,590
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	28,722	20,675
Realized gain on sale of investments	(194,778)	(56,934)
Unrealized loss on investments	26,804	123,090
Non-cash contributions	(5,272)	(1,011)
(Increase) decrease in assets:		
Grants receivable	(352,947)	(305,152)
Other receivables	(10,280)	2,663
Prepaid expenses	(2,549)	3,650
Security deposits paid	2,906	(4,454)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	76,040	(53,889)
Deferred revenue	161	(2,343)
Net cash and cash equivalents provided by (used in) operating activities	(1,067,017)	823,885
Cash Flows From Investing Activities:		
Proceeds from sale of investments	1,695,079	779,977
Purchase of investments	(711,145)	(693,279)
Acquisition of property and equipment	(28,811)	(24,931)
Net cash and cash equivalents provided by investing activities	955,123	61,767
Net Increase (Decrease) in Cash and Cash Equivalents	(111,894)	885,652
Cash and Cash Equivalents:		
Beginning of year	1,342,649	456,997
End of year	\$ 1,230,755	\$ 1,342,649

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Citizens for Pennsylvania's Future (PennFuture) is presented to assist in understanding the organization's financial statements. The financial statements and notes are the representations of the organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

Nature of Activities

PennFuture is a non-profit organization that engages in multi-faceted activities designed to help Pennsylvanians protect their natural resources while preserving their economic security. PennFuture advances its mission by providing citizens, organizations, and members with education, technical assistance, and legal representation. PennFuture is committed to furnish leadership, information, and technical assistance to enable government, businesses, nonprofit organizations, community groups, and individuals to develop an environmentally sensitive and prosperous economy. PennFuture's revenue comes primarily from grants and contributions.

Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting.

Financial Statement Presentation

The financial position and activities of PennFuture are included in three separate categories of net assets. Unrestricted net assets are net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets when not donor restricted. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), are reported as net assets released from restrictions. Temporarily restricted revenues received and released in the same year are reported as increases in temporarily restricted net assets.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, PennFuture considers all checking, savings, and money market accounts held in financial institutions to be cash and cash equivalents.

Grants Receivable

Grants receivable are due in less than one year.

PennFuture provides for uncollectible grants using the allowance method, which is based on management's judgement concerning historical collectability and analysis of individual grants. Past due grants are individually analyzed for collectability and written off when all efforts at collection have been exhausted. At June 30, 2017 and 2016, no allowance for uncollectible grants receivable was deemed necessary.

Investments

Investments are stated at fair value. Quoted market prices in active markets for identical assets were used as fair value when available. Investments held in common stocks, equity mutual funds, and bond mutual funds are valued at the daily closing price as reported by the asset. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities could occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Fair Value Measurements

PennFuture has categorized its investments based on the fair value hierarchy. Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Level 1 investments held by PennFuture include common stocks, equity mutual funds, and bond mutual funds.

Investments whose values are based on quoted prices in markets that are not active, or model inputs that are observable either directly or indirectly for substantially the full term of the asset, are classified within Level 2. PennFuture has no Level 2 investments.

Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement are classified within Level 3. PennFuture has no Level 3 investments.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from five to forty years. PennFuture capitalizes all assets in excess of \$1,000 with a useful life extending beyond one year.

Compensated Absences

Full-time employees earn paid leave based on length of service. Employees may carry over no more than 160 hours of paid leave forward from one anniversary date to the next. An employee separated from employment will be paid for earned unused leave. As of June 30, 2017 and 2016, PennFuture accrued \$90,718 and \$76,915, respectively, in compensated absences.

Deferred Revenue

PennFuture receives membership fees from various sources that are not deemed to be contributions. Members receive the organization's e-publications, action alerts, and invitations to events, as well as the annual report and newsletter. The membership fees revenue received for future periods has been recorded as deferred revenue.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Grants and Contributions

Grant revenue is recognized based on the terms of the grant agreement. Grant agreements containing performance or reporting requirements are recognized as those requirements are fulfilled. Grant agreements which do not include the aforementioned requirements are treated as contributions.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), temporarily restricted net assets are reported as net assets released from restrictions.

Legal Income

PennFuture's law staff serves as a watchdog over regulatory agencies, filing comments and action letters to guarantee that Pennsylvania's environment and public health are protected to the fullest extent of the law. PennFuture also files court actions to force polluters to comply with the law. Should PennFuture win the case, the organization will recognize legal fee income in the year the case was settled, which helps to cover the costs of the attorneys' fees related to the cases.

Functional Expenses

Expenses are allocated to the various programs based upon the 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 Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

PennFuture qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal or state income taxes. In addition, PennFuture qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

PennFuture files a Form 990 annually. PennFuture is not aware of any activities that would jeopardize its tax-exempt status.

Pending Standards Update

Accounting Standards Update (ASU) 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* is effective for PennFuture’s financial statements for the year ending June 30, 2019. This amendment aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, requires presentation of expenses both by nature and function, requires investment return reported net of investment expenses, requires placed-in-service approach for gifts of/for long-lived assets, and provides enhanced disclosures for: governing body restrictions; composition of net assets with donor restrictions; qualitative and quantitative information on liquidity; methods to allocate costs among program and support functions; and underwater donor-restricted endowment.

ASU 2014-09, *“Revenue from Contracts with Customers,”* is effective for PennFuture’s financial statements for the year ending June 30, 2020 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures.

ASU 2016-02, *“Leases (Topic 842),”* is effective for PennFuture’s financial statements for the year ending June 30, 2021. This amendment will require lessees to recognize assets and liabilities on the Statement of Financial Position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Management has not yet determined the impact of these amendments on PennFuture’s financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor’s Report date, which is the date the financial statements were available to be issued.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

2. Cash Concentrations

Cash and cash equivalents potentially subject PennFuture to a concentration credit risk. The balances in checking and savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank deposit accounts may exceed FDIC insurable limits.

3. Investments and Interest in Other Organization

The following table sets forth by level, within the fair value hierarchy, the investments at fair value and cost as of June 30, 2017 and 2016:

	Level	2017		2016	
		Fair Value	Cost	Fair Value	Cost
Common stocks:					
Materials	1	\$ 10,581	\$ 10,100	\$ 22,905	\$ 23,708
Energy	1	280	470	-	-
Information technology	1	77,990	61,448	180,760	139,231
Consumer discretionary	1	51,328	44,809	144,201	133,030
Consumer staples	1	10,375	11,018	52,089	49,416
Industrials	1	33,599	30,142	85,005	79,366
Financials	1	57,854	48,068	127,837	124,280
Healthcare	1	48,771	41,777	136,716	116,230
Utilities	1	855	871	4,393	3,983
Telecom service	1	2,596	1,953	21,176	19,546
Equity mutual funds:					
Large cap	1	189,150	165,451	233,652	231,700
Small/mid cap	1	89,028	86,937	180,526	172,825
Bond mutual funds:					
U.S. Treasuries	1	4,399	4,380	-	-
Mortgages/asset backed	1	22,065	22,493	30,193	30,000
Multi-sector	1	152,277	152,645	342,383	344,748
Total investments		<u>\$ 751,148</u>	<u>\$ 682,562</u>	<u>\$ 1,561,836</u>	<u>\$ 1,468,063</u>

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

Investment income (loss) consisted of the following for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 30,565	\$ 35,914
Realized gain on sale of investments	194,778	56,934
Unrealized loss on investments	<u>(26,804)</u>	<u>(123,090)</u>
Investment income (loss)	<u>\$ 198,539</u>	<u>\$ (30,242)</u>

PennFuture has a 39.8625% equity interest in PaceControls, LLC. The investment in PaceControls, LLC is accounted for under the equity method of accounting. The investment was carried at a zero value at June 30, 2017 and 2016.

A member of PennFuture's management is on the Board of Directors at PaceControls, LLC.

4. Property and Equipment

Property and equipment consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 70,000	\$ 70,000
Buildings and improvements	627,519	627,519
Furniture and fixtures	141,617	141,617
Computer equipment	56,443	56,443
Website	<u>49,741</u>	<u>20,930</u>
	945,320	916,509
Less: accumulated depreciation	<u>459,944</u>	<u>431,222</u>
Net property and equipment	<u>\$ 485,376</u>	<u>\$ 485,287</u>

Depreciation expense amounted to \$28,722 and \$20,675 for the years ended June 30, 2017 and 2016, respectively.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

5. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2017 and 2016 include the following:

	2017	2016
Electric Vehicle Outreach in Philadelphia	\$ 1,500	\$ 1,943
Build Support for Comprehensive Regulation of Methane Emissions from Natural Gas Activities	34,991	28,478
Coal-Tar Based Sealcoat Reduction Campaign	7,444	7,444
Advancing Clean Energy in Pennsylvania	17,500	23,980
Promote Implementation of Protective Land and Water Policies Related to Key Environmental Stressors in the Delaware River Watershed	-	391,322
Work under the Choose Clean Water Campaign	-	4,011
Delaware River Watershed Federal Funding Workgroup Facilitation	-	518
Save the Loyalsock Coalition	1,726	8,000
Next Great City Campaign	-	4,617
Protect and Restore Water Quality to a Portion of the Youghiogheny River near Ohiopyle State Park	-	1,415
From Stormwater to Oil Trains - Building the Environmental Voice	4,354	1,417
Support Philadelphia Energy Hub and Delaware Watershed Protection Projects	-	4,224
Provide Legal Support for Citizens Seeking to Protect Public Health and Safety and the Environment in their Communities	21,310	927,885
Administrative Support for the CEO	-	5,005
Work Under the Climate Action Campaign	12,239	11,385
Support for Strategic Planning and Institutional Advancement	-	5,990
Support for the Protection of the Loyalsock State Forest	-	2,344
Protecting Pennsylvania's Open Spaces and High Quality Streams	39,711	125,754
Work for the Coalition for the Delaware River Watershed	-	9,464
Clean Energy Pittsburgh Project	-	125,000
Support Improved Environmental Quality in the Region	-	269,025
Reduce Impact of Natural Gas Development on Public Health and Environment	-	7,961
Gorsline Supreme Court Case	12,980	-
Mt. Pleasant Township Substantive Validity Challenge	53,089	-
Advance Pennsylvania Methane and Clean Power Plan Regulations	19,447	-
Advance Efficiency and Renewable Generation Statewide	59,219	-
Outreach and Advocacy Work to Reform the Renewable Fuel Standard	8,201	-
Permit Analysis, Regulatory Advocacy and Technical Assistance Addressing Stormwater Management, Special Protection Waters and Surface Water Quality Standards within the Pennsylvania Portion of the Delaware River Watershed	174,925	-
Advocates for the Chesapeake Bay Watershed	9,640	-
Advance Clean Energy, Protect Public Health and Reduce Threats to the Environment	444,270	-
Total	<u>\$ 922,546</u>	<u>\$ 1,967,182</u>

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

6. Commitments

PennFuture leases its Philadelphia, Pittsburgh, and Mount Pocono facilities under non-cancelable operating leases which expire through 2018 to 2022. PennFuture also leases several pieces of office equipment under non-cancelable operating leases expiring through April 2020.

The minimum annual rentals with a term greater than one year are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 120,419
2019	122,497
2020	123,652
2021	92,243
2022	<u>62,189</u>
Total	<u>\$ 521,000</u>

Total rent expense, exclusive of operating cost of facilities and office equipment, amounted to \$117,601 and \$107,144 for the years ended June 30, 2017 and 2016, respectively.

7. Economic Dependency

PennFuture is dependent upon grants from various foundations to fund program expenses. For the years ended June 30, 2017 and 2016, PennFuture received 58% and 74%, respectively, from three granting agencies. Discontinuation of, or reductions of such grants would force the curtailment of many program services.

8. Contingency

Under the terms of an agreement between PaceControls, LLC and two individuals, PennFuture has a right to receive a licensing fee of \$150,000 plus simple interest from May 2007 at 8% per annum. Payment is contingent upon PaceControls, LLC achieving certain levels of capital funding as outlined in the terms of the agreement, such as full funding of a working capital reserve equal to six months of operating expenses and payment of principal

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and interest on outstanding notes. PaceControls, LLC did not achieve those levels of capital funding for the years ended June 30, 2017 and 2016.