

# **Citizens for Pennsylvania's Future**

## Financial Statements

Years Ended June 30, 2019 and 2018  
with Independent Auditor's Report

# CITIZENS FOR PENNSYLVANIA'S FUTURE

YEARS ENDED JUNE 30, 2019 AND 2018

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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 (PennFuture) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 PennFuture as of June 30, 2019 and 2018, 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.

## Change in Accounting Principle

As described in Note 1 to the financial statements, PennFuture adopted Accounting Standards Update 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* which requires not-for-profit entities to use the placed-in-service approach for contributions related to long-lived assets, changes how a nonprofit organization classifies net assets, and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity, among other requirements. Our opinion is not modified with respect to this matter.

*Maher Duessel*

Harrisburg, Pennsylvania  
December 10, 2019

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
<b>Assets</b>		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 847,993	\$ 454,174
Grants receivable	64,100	848,964
Other receivables	4,409	25,824
Prepaid expenses	38,815	54,466
	<hr/>	<hr/>
Total current assets	955,317	1,383,428
	<hr/>	<hr/>
Investments	1,729,006	1,512,064
Property and equipment, net	451,316	461,295
Other assets:		
Security deposits	10,259	9,969
	<hr/>	<hr/>
Total other assets	10,259	9,969
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 3,145,898</b>	<b>\$ 3,366,756</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and Net Assets</b>		
<hr/>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 229,521	\$ 306,555
Deferred revenue	12,940	10,738
	<hr/>	<hr/>
Total Current Liabilities	242,461	317,293
	<hr/>	<hr/>
Net Assets:		
Without donor restrictions	1,263,294	1,701,617
With donor restrictions	1,640,143	1,347,846
	<hr/>	<hr/>
Total Net Assets	2,903,437	3,049,463
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<b>Total Liabilities and Net Assets</b>	<b>\$ 3,145,898</b>	<b>\$ 3,366,756</b>
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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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Grants	\$ 3,293	\$ 2,640,148	\$ 2,643,441
Contributions	211,823	-	211,823
Contributed services	300	-	300
Membership fees	24,453	-	24,453
Special events	46,777	-	46,777
Rental income	47,337	-	47,337
Investment income, net	109,372	-	109,372
Other income	665	-	665
Net assets released from restriction	2,347,851	(2,347,851)	-
Total revenues and other support	2,791,871	292,297	3,084,168
<b>Expenses:</b>			
Program services	2,437,230	-	2,437,230
Supporting services:			
Management and general	316,176	-	316,176
Lobbying	38,748	-	38,748
Fundraising	438,040	-	438,040
Total expenses	3,230,194	-	3,230,194
<b>Change in Net Assets</b>	(438,323)	292,297	(146,026)
<b>Net Assets:</b>			
Beginning of year	1,701,617	1,347,846	3,049,463
End of year	\$ 1,263,294	\$ 1,640,143	\$ 2,903,437

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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Grants	\$ 46,770	\$ 2,611,198	\$ 2,657,968
Contributions	146,999	-	146,999
Contributed services	13,850	-	13,850
Membership fees	22,364	-	22,364
Special events	21,980	-	21,980
Rental income	40,847	-	40,847
Investment income, net	94,463	-	94,463
Legal income	3,480	-	3,480
Other income	32	-	32
Net assets released from restriction	2,185,898	(2,185,898)	-
Total revenues and other support	2,576,683	425,300	3,001,983
<b>Expenses:</b>			
Program services	2,105,309	-	2,105,309
Supporting services:			
Management and general	389,030	-	389,030
Lobbying	28,092	-	28,092
Fundraising	389,682	-	389,682
Total expenses	2,912,113	-	2,912,113
<b>Change in Net Assets</b>	(335,430)	425,300	89,870
<b>Net Assets:</b>			
Beginning of year	2,037,047	922,546	2,959,593
End of year	\$ 1,701,617	\$ 1,347,846	\$ 3,049,463

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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 1,237,550	\$ 75,186	\$ 23,688	\$ 267,025	\$ 1,603,449
Payroll taxes and other fringe benefits	228,630	22,028	5,587	61,815	318,060
Advertising and communications	29,107	42	-	2,034	31,183
Bank and credit card charges	-	1,280	-	1,562	2,842
Consultants and contract labor	426,355	6,315	2,150	6,808	441,628
Conferences and meetings	23,622	426	175	19,839	44,062
Depreciation	19,240	5,934	955	9,544	35,673
Dues, subscriptions, and membership fees	18,544	7,274	-	49	25,867
Grants paid	180,757	-	-	-	180,757
Insurance	17,666	10,341	578	333	28,918
Internet and computer expenses	26,976	13,435	187	11,836	52,434
Occupancy costs	131,763	26,565	1,267	15,857	175,452
Office equipment leases and maintenance	-	6,410	-	-	6,410
Postage	1,181	1,140	-	4,753	7,074
Printing and publications	3,337	44	163	22,184	25,728
Professional fees	2,035	123,245	-	-	125,280
Research and other	10,153	571	-	172	10,896
Supplies	4,469	6,996	65	2,521	14,051
Telephone	13,889	2,723	134	2,152	18,898
Travel and entertainment	61,956	6,221	3,799	9,556	81,532
	<u>\$ 2,437,230</u>	<u>\$ 316,176</u>	<u>\$ 38,748</u>	<u>\$ 438,040</u>	<u>\$ 3,230,194</u>
Total expenses					

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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 1,051,409	\$ 144,929	\$ 16,776	\$ 226,913	1,440,027
Payroll taxes and other fringe benefits	200,654	32,181	3,199	60,509	296,543
Advertising and communications	47,082	1,138	-	31	48,251
Bank and credit card charges	-	745	-	2,169	2,914
Consultants and contract labor	429,872	200	-	9,464	439,536
Conferences and meetings	25,775	4,047	161	17,597	47,580
Depreciation	22,635	6,277	273	5,890	35,075
Dues, subscriptions, and membership fees	22,873	5,409	-	911	29,193
Grants paid	49,000	-	-	-	49,000
Insurance	17,516	10,520	26	385	28,447
Internet and computer expenses	16,148	13,062	180	15,063	44,453
Occupancy costs	118,431	33,416	1,834	22,730	176,411
Office equipment leases and maintenance	-	6,266	-	-	6,266
Postage	560	660	-	2,025	3,245
Printing and publications	5,034	497	-	3,702	9,233
Professional fees	3,075	117,709	-	-	120,784
Research and other	9,160	-	-	-	9,160
Supplies	1,116	6,370	-	2,732	10,218
Telephone	12,731	2,012	113	3,071	17,927
Travel and entertainment	72,238	3,592	5,530	16,490	97,850
	<u>\$ 2,105,309</u>	<u>\$ 389,030</u>	<u>\$ 28,092</u>	<u>\$ 389,682</u>	<u>\$ 2,912,113</u>
Total expenses	<u>\$ 2,105,309</u>	<u>\$ 389,030</u>	<u>\$ 28,092</u>	<u>\$ 389,682</u>	<u>\$ 2,912,113</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, 2019 AND 2018

	2019	2018
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (146,026)	\$ 89,870
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation	35,673	35,075
Realized gain on sale of investments	(31,802)	(21,007)
Unrealized gain on investments	(30,045)	(57,339)
Non-cash contributions	-	(5,235)
(Increase) decrease in assets:		
Grants receivable	784,864	(175,027)
Other receivables	21,815	816
Prepaid expenses	15,651	(2,893)
Security deposits	(290)	1,070
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(77,034)	46,166
Deferred revenue	1,802	251
Net cash and cash equivalents provided by (used in) operating activities	574,608	(88,253)
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments	284,370	173,834
Purchase of investments	(439,465)	(851,168)
Acquisition of property and equipment	(25,694)	(10,994)
Net cash and cash equivalents used in investing activities	(180,789)	(688,328)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	393,819	(776,581)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	454,174	1,230,755
End of year	\$ 847,993	\$ 454,174

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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### 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

Net assets, revenue, and releases from restriction are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of PennFuture and the changes therein are classified and reported in two categories of net assets. The two categories are differentiated as follows:

*Without Donor Restrictions* - Net assets without donor restrictions consist of assets that can be used at the discretion of PennFuture to support operations.

*With Donor Restrictions* – Net assets with donor restrictions consist of assets that are restricted by a donor to be used for a specific purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with donor's instructions, or when the stipulated

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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time has passed. Other donor-imposed restrictions on net assets are permanent in nature. These net assets have been restricted by donors to be maintained in perpetuity.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions when not donor restricted. Expirations of net assets with donor restrictions that are temporary in nature (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 net assets with donor restrictions that are temporary in nature.

### 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 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, 2019 and 2018, there was no allowance for uncollectible grant receivables.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### 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, bond mutual funds, and exchange traded 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.

### 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, bond mutual funds, and exchange traded 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.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### Compensated Absences

Full-time employees earn paid leave based on length of service. For the year ended June 30, 2019, employees hired after August 28, 2018 may carry over no more than 40 hours. For employees hired on or before August 28, 2018 with an anniversary date after August 25, 2018, employees may carry over no more than 120 hours. For employees hired on or before August 28, 2018 with an anniversary date before August 25, 2018 and for the year ended June 30, 2018 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, 2019 and 2018, PennFuture accrued \$75,215 and \$83,426, 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.

### 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 net assets with donor restrictions. When a restriction expires, (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), net assets with donor restrictions 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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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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

Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are charged to programs and supporting services using an allocation based on employee time spent between program and supporting activities. Program expenses constitute those related to providing citizens, organizations and members with education, technical assistance and legal representation. Administrative expenses constitute fees and activities that are not identifiable with a single program, fundraising activity, or operational activity, but that are indispensable to the conduct of those activities and to PennFuture's existence. Fundraising expenses are those which are directly related to the development function at the organization.

### 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. PennFuture follows the income tax standard for uncertain tax positions. The application of this standard has no impact on PennFuture's financial statements. PennFuture's informational tax returns are subject to review and examination by federal, state, and local authorities generally for three years after they are filed. PennFuture is not aware of any activities that would jeopardize its tax-exempt status. Further, PennFuture annually files a Form 990 and a Form 990-T.

### Adopted Accounting Standards Update

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) were adopted during the year ended June 30, 2019:

ASU 2016-14, *“Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,”* 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. As a result of adoption, the unrestricted net assets as of July 1, 2017 were transferred to net assets without donor restrictions. In addition, the

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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temporarily and permanently restricted net assets as of July 1, 2017 were transferred to net assets with donor restrictions.

### Pending Standards Update

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, 2022. 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.

ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*," is effective for the financial statements for the year ending June 30, 2020. This amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

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.

### Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### **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.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

### 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:

	Level	2019		2018	
		Fair Value	Cost	Fair Value	Cost
Common stocks:					
Materials	1	\$ 44,862	\$ 43,794	\$ 31,913	\$ 30,074
Energy	1	-	-	251	237
Information technology	1	105,925	71,150	108,233	76,030
Consumer discretionary	1	119,582	104,522	106,006	86,163
Consumer staples	1	18,060	16,536	10,289	10,764
Industrials	1	52,710	43,487	44,593	40,321
Financials	1	66,976	55,001	83,518	69,859
Healthcare	1	61,688	53,816	57,565	51,182
Utilities	1	1,213	1,152	1,150	1,152
Real Estate	1	125,527	101,850	108,387	97,899
Telecom service	1	5,423	5,558	5,946	5,037
Equity mutual funds:					
Large cap	1	240,967	214,127	307,653	265,661
Small/mid cap	1	308,281	314,798	199,110	197,524
Bond mutual funds:					
U.S. Treasuries	1	7,672	7,500	4,312	4,380
Mortgages/asset backed	1	7,604	7,826	-	-
Multi-sector	1	187,695	187,009	188,141	193,706
Intermediate-Term bond	1	117,311	113,992	109,406	111,146
Exchange traded funds:					
Large blend	1	54,476	50,160	51,531	50,220
Foreign large blend	1	47,676	47,278	22,533	23,823
Industrials	1	49,622	41,735	24,958	23,538
Miscellaneous sector	1	105,736	91,521	46,569	47,678
Total investments		<u>\$ 1,729,006</u>	<u>\$ 1,572,812</u>	<u>\$ 1,512,064</u>	<u>\$ 1,386,394</u>

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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Investment income consisted of the following for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Dividends and interest	\$ 60,478	\$ 27,691
Realized gain on sale of investments	31,802	21,007
Unrealized gain on investments	30,045	57,339
Investment expense	<u>(12,953)</u>	<u>(11,574)</u>
Investment income, net	<u>\$ 109,372</u>	<u>\$ 94,463</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, 2019 and 2018.

A member of PennFuture's management was on the Board of Directors at PaceControls, LLC. through October 2017.

#### 4. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 70,000	\$ 70,000
Buildings and improvements	652,190	627,519
Furniture and fixtures	147,050	147,050
Computer equipment	63,027	62,004
Website	<u>49,741</u>	<u>49,741</u>
	982,008	956,314
Less: accumulated depreciation	<u>530,692</u>	<u>495,019</u>
Net property and equipment	<u>\$ 451,316</u>	<u>\$ 461,295</u>

Depreciation expense amounted to \$35,673 and \$35,075 for the years ended June 30, 2019 and 2018, respectively.

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# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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### **5. Net Assets With Donor Restrictions**

Net assets with donor restrictions as of June 30, 2019 and 2018 are available for the following purposes:

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Coal-Tar Based Sealcoat Reduction Campaign	\$ 7,444	\$ 7,444
Provide Legal Support for Citizens Seeking to Protect Public Health and Safety and the Environment in their Communities	-	2,596
Mt. Pleasant Township Substantive Validity Challenge	40,553	43,840
Choose Clean Water Coalition	-	155
Work Under the Climate Action Campaign	4,792	28,274
Outreach and Advocacy Work to Reform the Renewable Fuel Standard	15,508	8,201
Work for the Coalition for the Delaware River Watershed	38	10,780
Civic Engagement	-	19,209
Clean Energy Pittsburgh Project	-	40,772
Clean Water for All Project	-	1,713
Green in '18	40,736	206,041
Stormwater Policy	-	67,694
Build Support for Comprehensive Regulation of Methane Emissions From Natural Gas Activities	178	-
Work for the Arctic National Wildlife Refuge	-	2,942
Clean Energy Pittsburgh Project	-	9,653
Advance and Defend Clean Energy Policies in Pennsylvania	-	78,336
Protect and Improve Water Quality to a Portion of the Youghloheny River	8,874	34,560
Delaware River Watershed Collaboration	-	20,438
Protecting Pennsylvania's Open Spaces and High Quality Streams	-	73,339
Save the Loyalsock Coalition	214	4,373
Common Agenda	281	1,561
Sustain the Region Through Clean Air, Water and Energy	-	435,000
Support Legal Advocacy to Address Impacts of Pipeline Infrastructure	62,445	200,000
Support the Pennsylvania Rapid Response Fund	-	20,000
Electric Vehicle Outreach in Philadelphia	1,300	1,500
Green in '18	10,000	-
PA CCWC Lead and Statewide Advocacy	65,749	-
PA Stream Designations Strategy	18,262	-
Fighting Back Against SB 652 and the Criminalization of Protestors	3,096	15,000
Plant 100 Trees Near Hampden Township Veterans Memorial Park	-	14,425
Support Non-Partisan Voter Engagement Activities	100,000	-
Create a Strategic Plan	2,000	-
Voter Engagement	58,000	-
Developing Advocates for Conservation Project	33,131	-
Outreach and education in Philadelphia to elevate green stormwater infrastructure	179,587	-
Advancing clean energy and energy efficiency in Pennsylvania	45,242	-
Work for the Coalition for the Delaware River Watershed	1,820	-
Clean Water and Ag Initiative	12,766	-
Work Plan	10,000	-
Work Under the Climate Action Campaign	2,096	-
Protecting Pennsylvania's Open Spaces and High Quality Streams	112,322	-
Keep Philly Clean & Water Green campaign	67,221	-
Protect the critical headwaters of the Delaware River	308,301	-
Clean Energy Pittsburgh Project	34,150	-
Choose Clean Water Coalition	12,643	-
Work Under the Climate Action Campaign	6,394	-
To advance sustainability, protect environment and foster community health	375,000	-
Total	<u>\$ 1,640,143</u>	<u>\$ 1,347,846</u>

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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During the years ended June 30, 2019 and 2018, net assets with donor restrictions that are temporary in nature of \$2,347,851 and \$2,185,898, respectively, were released by incurring expenses pursuant to donor stipulations.

### 6. Commitments

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 125,505
2021	87,516
2022	<u>7,200</u>
Total	<u>\$ 220,221</u>

Total rent expense, exclusive of operating cost of facilities and office equipment, amounted to \$122,976 and \$122,269 for the years ended June 30, 2019 and 2018, respectively.

### 7. Economic Dependency

PennFuture is dependent upon grants from various foundations to fund program expenses. For the years ended June 30, 2019 and 2018, PennFuture received 65% 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 and a consulting fee of \$30,000 plus simple interest from May 2007 at 8% per annum. Payment is contingent upon

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# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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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 and interest on outstanding notes. PaceControls, LLC did not achieve those levels of capital funding for the years ended June 30, 2019 and 2018.

### 9. Liquidity and Availability

PennFuture considers all expenditures related to its ongoing program activities, as well as the administrative and general expenditures required to support these activities, to be general operating expenditures. Historically, Pennfuture receives a majority of support for operating expenditures from grants and contributions without donor restrictions and grants and contributions with donor restrictions. Pennfuture also receives rental income. Pennfuture regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

In addition to financial assets available to meet general expenditures over the next 12 months, PennFuture strives to operate with a balanced budget and in typical years anticipates collecting sufficient revenue to cover general expenditures.

The following represents PennFuture's financial assets at June 30, 2019:

Cash and cash equivalents	\$ 847,993
Investments	1,729,006
Rent receivable	4,409
Grants receivable	<u>64,100</u>
Total financial assets	<u>2,645,508</u>
Less: amounts with donor restrictions	<u>1,640,143</u>
	<u>1,640,143</u>
Financial assets available to meet cash needs for general expenses within one year	<u><u>\$ 1,005,365</u></u>