

# **Citizens for Pennsylvania's Future**

## Financial Statements

Years Ended June 30, 2020 and 2019  
with Independent Auditor's Report

**MaherDuessel**

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

YEARS ENDED JUNE 30, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 (ASU) 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*," and ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash*." Our opinion is not modified with respect to these matters.

*Mahe Duessel*

Harrisburg, Pennsylvania  
December 14, 2020

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
<b>Assets</b>		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 1,174,603	\$ 847,993
Grants receivable	466,500	64,100
Other receivables	20,646	4,409
Prepaid expenses	42,122	38,815
	<hr/>	<hr/>
Total current assets	1,703,871	955,317
Restricted cash	31,282	-
Investments	1,958,245	1,729,006
Property and equipment, net	425,703	451,316
Other assets:		
Security deposits	10,368	10,259
	<hr/>	<hr/>
Total other assets	10,368	10,259
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 4,129,469</b>	<b>\$ 3,145,898</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities and Net Assets</b>		
<hr/>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 281,391	\$ 229,521
Deferred revenue	11,968	12,940
Paycheck Protection Program Loan	310,221	-
Health Care Settlement	31,282	-
	<hr/>	<hr/>
Total Current Liabilities	634,862	242,461
	<hr/>	<hr/>
Net Assets:		
Without donor restrictions	844,945	1,263,294
With donor restrictions	2,649,662	1,640,143
	<hr/>	<hr/>
Total Net Assets	3,494,607	2,903,437
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<b>Total Liabilities and Net Assets</b>	<b>\$ 4,129,469</b>	<b>\$ 3,145,898</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Grants	\$ 37,500	\$ 2,812,267	\$ 2,849,767
Contributions	210,714	-	210,714
Membership fees	26,717	-	26,717
Special events	9,902	-	9,902
Rental income	58,564	-	58,564
Investment income, net	186,781	-	186,781
Other income	862	-	862
Net assets released from restriction	1,802,748	(1,802,748)	-
Total revenues and other support	2,333,788	1,009,519	3,343,307
<b>Expenses:</b>			
Program services	1,858,202	-	1,858,202
Supporting services:			
Management and general	411,464	-	411,464
Lobbying	77,099	-	77,099
Fundraising	405,372	-	405,372
Total expenses	2,752,137	-	2,752,137
<b>Change in Net Assets</b>	(418,349)	1,009,519	591,170
<b>Net Assets:</b>			
Beginning of year	1,263,294	1,640,143	2,903,437
End of year	\$ 844,945	\$ 2,649,662	\$ 3,494,607

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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 982,172	\$ 128,431	\$ 47,567	\$ 259,548	1,417,718
Payroll taxes and other fringe benefits	222,409	30,821	11,931	55,024	320,185
Advertising and communications	27,961	39	3,780	8,928	40,708
Bank and credit card charges	1	3,722	-	-	3,723
Consultants and contract labor	214,688	5,216	1,400	2,705	224,009
Conferences and meetings	7,096	266	1,363	8,768	17,493
Depreciation	15,961	3,583	1,031	6,317	26,892
Dues, subscriptions, and membership fees	16,062	6,557	-	76	22,695
Grants paid	96,000	-	-	-	96,000
Insurance	16,611	12,424	38	181	29,254
Internet and computer expenses	35,232	30,558	224	9,576	75,590
Occupancy costs	124,940	33,011	4,023	17,254	179,228
Office equipment leases and maintenance	-	5,501	-	-	5,501
Postage	251	2,075	-	3,895	6,221
Printing and publications	5,618	978	-	18,963	25,559
Professional fees	15,775	133,226	-	-	149,001
Research and other	9,781	1,232	-	710	11,723
Supplies	3,625	6,575	-	332	10,532
Telephone	11,679	1,626	402	1,750	15,457
Travel and entertainment	52,340	5,623	5,340	11,345	74,648
<b>Total expenses</b>	<b>\$ 1,858,202</b>	<b>\$ 411,464</b>	<b>\$ 77,099</b>	<b>\$ 405,372</b>	<b>\$ 2,752,137</b>

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
<b>Total expenses</b>	<b>\$ 2,437,230</b>	<b>\$ 316,176</b>	<b>\$ 38,748</b>	<b>\$ 438,040</b>	<b>\$ 3,230,194</b>

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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 591,170	\$ (146,026)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	26,892	35,673
Realized loss (gain) on sale of investments	2,363	(31,802)
Unrealized gain on investments	(164,219)	(30,045)
Non-cash contributions	(15,012)	-
(Increase) decrease in assets:		
Grants receivable	(402,400)	784,864
Other receivables	(16,237)	21,815
Prepaid expenses	(3,307)	15,651
Security deposits	(109)	(290)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	51,870	(77,034)
Deferred revenue	(972)	1,802
Healthcare Settlement	31,282	-
Net cash and cash equivalents provided by operating activities	101,321	574,608
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments	158,213	284,370
Purchase of investments	(210,583)	(439,465)
Acquisition of property and equipment	(1,280)	(25,694)
Net cash and cash equivalents used in investing activities	(53,650)	(180,789)
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Paycheck Protection Plan Loan	310,221	-
Net cash and cash equivalents provided by financing activities	310,221	-
<b>Net Increase in Cash and Cash Equivalents and Restricted Cash</b>	<b>357,892</b>	<b>393,819</b>
<b>Cash and Cash Equivalents and Restricted Cash:</b>		
Beginning of year	847,993	454,174
End of year	\$ 1,205,885	\$ 847,993

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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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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, 2020 AND 2019

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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, 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. As of June 30, 2020 and 2019, there was no allowance for uncollectible grant receivables.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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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, 2020 AND 2019

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### Compensated Absences

Full-time employees earn paid leave based on length of service. For the year ended June 30, 2020, 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 80 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, 2019 employees may carry over no more than 120 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, 2020 and 2019, PennFuture accrued \$75,909 and \$75,215, 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

Grants and contributions received are evaluated using the decision tree in ASC 958-605-55-1A to determine the applicable accounting model. Most of the grants and contributions received by PennFuture, are considered to be non-exchange transactions.

A decision tree is also used to determine whether grants and contributions received are conditional or unconditional. Both, barriers and right of return/release, need to exist in order to designate a contribution as conditional. Once designated, the revenue is recognized when the conditions are met.

Unconditional grants and contributions are recorded as those with donor restrictions or without donor restrictions depending on the existence of donor-imposed restrictions, typically limiting purpose or timing of the grant or contribution. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which grants and contributions are recognized.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### 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

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.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### 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, 2020:

On June 21, 2018 the FASB issued ASU 2018-08, *“Not for Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”*. This update clarifies and improves the scope and the accounting guidance for contributions received and contributions made.

This ASU distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in *Subtopic 958-605, Not-for Profit Entities- Revenue Recognition*, should be followed. For exchange transactions, *Topic 606, Revenue from Contracts with Customers*, should be followed. To determine which guidance should be followed, grant documents have to be carefully analyzed.

In addition, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. This ASU is applicable to both resource providers and resource recipients.

PennFuture's financial statements reflect the application of ASU beginning July 1, 2019 using the modified retrospective approach for the contributions received. The implementation resulted in no change to the total previously reported revenue or net assets.

ASU 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash.”* The amendments require that the statement of cash flows explain the change during the period in the total cash and cash equivalents including the changes of those amounts generally described as restricted cash or restricted cash equivalents. We have adopted these provisions in the accompanying financial statements.

### Pending Standards Update

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)”* is effective for PennFuture's grant awards expenses for the year ending June 30, 2021.

ASU 2014-09, *“Revenue from Contracts with Customers,”* is effective for PennFuture's financial statements for the year ending June 30, 2021 (as amended by ASU 2015-14). This



# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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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 2018-13, *"Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820),"* is effective for the financial statements for the year ending June 30, 2021. The amendments remove and modify certain fair value hierarchy leveling disclosures.

ASU 2018-15, *"Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract,"* is effective the year ended June 31, 2022. The amendments align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs incurred to develop or obtain internal-use software.

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.

## **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, 2020 AND 2019

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The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported on the statement of financial position that sums to the total of the same such amounts shown in the statement of cash flows.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,174,603	\$ 847,993
Restricted cash and cash equivalents	<u>31,282</u>	<u>-</u>
Total cash and cash equivalents and restricted cash and cash equivalents	<u>\$ 1,205,885</u>	<u>\$ 847,993</u>

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

### 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	2020		2019	
		Fair Value	Cost	Fair Value	Cost
Common stocks:					
Materials	1	\$ 59,130	\$ 58,462	\$ 44,862	\$ 43,794
Information technology	1	107,045	72,271	105,925	71,150
Consumer discretionary	1	236,963	134,604	119,582	104,522
Consumer staples	1	18,482	16,958	18,060	16,536
Industrials	1	53,817	44,594	52,710	43,487
Financials	1	68,111	56,136	66,976	55,001
Healthcare	1	62,870	54,998	61,688	53,816
Utilities	1	1,257	1,196	1,213	1,152
Real Estate	1	163,907	106,076	125,527	101,850
Telecom service	1	5,615	5,750	5,423	5,558
Equity mutual funds:					
Large cap	1	247,514	217,598	240,967	214,127
Small/mid cap	1	282,614	294,468	308,281	314,798
Bond mutual funds:					
U.S. Treasuries	1	8,099	7,927	7,672	7,500
Mortgages/asset backed	1	8,044	8,266	7,604	7,826
Multi-sector	1	193,543	192,857	187,695	187,009
Intermediate-Term bond	1	128,132	116,385	117,311	113,992
Exchange traded funds:					
Large blend	1	81,436	72,619	54,476	50,160
Foreign large blend	1	45,668	48,485	47,676	47,278
Fixed income	1	14,184	14,073	-	-
Industrials	1	45,139	41,962	49,622	41,735
Miscellaneous sector	1	126,675	97,121	105,736	91,521
Total investments		<u>\$ 1,958,245</u>	<u>\$ 1,662,806</u>	<u>\$ 1,729,006</u>	<u>\$ 1,572,812</u>

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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

	2020	2019
Dividends and interest	\$ 38,878	\$ 60,478
Realized gain (loss) on sale of investments	(2,363)	31,802
Unrealized gain on investments	164,219	30,045
Investment expense	(13,953)	(12,953)
Investment income, net	<u>\$ 186,781</u>	<u>\$ 109,372</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, 2020 and 2019.

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:

	2020	2019
Land	\$ 70,000	\$ 70,000
Buildings and improvements	639,606	652,190
Furniture and fixtures	5,433	147,050
Computer equipment	7,590	63,027
Website	49,741	49,741
	772,370	982,008
Less: accumulated depreciation	346,667	530,692
Net property and equipment	<u>\$ 425,703</u>	<u>\$ 451,316</u>

Depreciation expense amounted to \$26,892 and \$35,673 for the years ended June 30, 2020 and 2019, respectively.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### **5. Health Care Settlement**

In April 2020, PennFuture received a healthcare group financial settlement due to the overpayment of deductibles for the period of December 2018 through November 2019. The use of these funds is limited to future employee benefits. As of June 30, 2020, the amount to be used was \$31,282. This amount is shown as restricted cash on the statement of financial position.

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

Net assets with donor restrictions as of June 30, 2020 and 2019 are available for the following purposes:

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Coal-Tar Based Sealcoat Reduction Campaign	\$ 7,444	\$ 7,444
Bucks County Environmental Organizing Project	88,946	-
Our Water, Our Future	54,247	-
Mt. Pleasant Township Substantive Validity Challenge	40,353	40,553
Dietel Grant- Voter Engagement	199,465	58,000
Work Under the Climate Action Campaign	57,534	13,282
Outreach and Advocacy Work to Reform the Renewable Fuel Standard	13,390	15,508
Work for the Coalition for the Delaware River Watershed	-	38
Clean Energy Transition	1,500	-
Advance Water Quality	43,093	-
Water Quality Projection- Local and Chesapeake Bay Watershed	19,359	-
Green in '18	-	40,736
Earth Day 2020	1,671	-
Build Support for Comprehensive Regulation of Methane Emissions From Natural Gas Activities	-	178
Legal Internships	43,014	-
LCV Voter Registration	63,045	-
Education Efforts about Fracked Gas, Petrochemical and Plastic Subsidies	6,420	-
Protect and Improve Water Quality to a Portion of the Youghogheny River	-	8,874
Reimagine Appalachia	3,351	-
To hire and equip an organizer in Chester County to expand the existing program to educate local officials	15,000	-
Save the Loyalsock Coalition	-	214
Common Agenda	-	281
To advance sustainability, protect environment and foster community in Western PA	374,008	-
Support Legal Advocacy to Address Impacts of Pipeline Infrastructure	-	62,445
Clean energy issues at the state level	24,945	-
Electric Vehicle Outreach in Philadelphia	450	1,300
Green in '18	10,000	10,000
PA CCWC Lead and Statewide Advocacy	59,255	65,749
PA Stream Designations Strategy	-	18,262
Fighting Back Against SB 652 and the Criminalization of Protestors	-	3,096
To help create a BMP Cost Share Program in PA	10,000	-
Support Non-Partisan Voter Engagement Activities	-	100,000
Create a Strategic Plan	-	2,000
Developing Advocates for Conservation Project	-	33,131
Outreach and education in Philadelphia to elevate green stormwater infrastructure	273,079	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
LCVEF Work Plan Grant	5,323	10,000
Protecting Pennsylvania's Open Spaces and High Quality Streams	145,618	112,322
Keep Philly Clean & Water Green campaign	129,548	67,221
Protect the critical headwaters of the Delaware River	461,035	308,301
Clean Energy Pittsburgh Project	-	34,150
Choose Clean Water Coalition	33	12,643
Civic Engagement	25,000	-
Support of Advocates for Conservation and the Environment Program	59,910	-
Support policy work challenging fracked gas and petrochemical subsidies and buildout	50,000	-
Provide support to promote voter participation in Pennsylvania	40,000	-
Support energy and climate priorities for 2020-2021	67,884	-
Provide support for NWF's Natural Climate Solutions Federal Policy Platform	3,500	-
Serve as the coalition for Delaware River Watershed's state lead in PA	12,242	-
Time restriction	240,000	-
To advance sustainability, protect environment and foster community health	-	375,000
Total	<u>\$ 2,649,662</u>	<u>\$ 1,640,143</u>

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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During the years ended June 30, 2020 and 2019, net assets with donor restrictions that are temporary in nature of \$1,802,748 and \$2,347,851, respectively, were released by incurring expenses pursuant to donor stipulations.

### 7. 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>
2021	\$ 92,243
2022	<u>62,189</u>
Total	<u>\$ 154,432</u>

Total rent expense, exclusive of operating cost of facilities and office equipment, amounted to \$119,132 and \$122,976 for the years ended June 30, 2020 and 2019, respectively.

### 8. Economic Dependency

PennFuture is dependent upon grants from various foundations to fund program expenses. For the years ended June 30, 2020 and 2019, PennFuture received 44% and 65%, respectively, from three granting agencies. Discontinuation of, or reductions of such grants would force the curtailment of many program services.

### 9. 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 PaceControls, LLC achieving certain levels of capital funding as outlined in the terms of the

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# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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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, 2020 and 2019.

### 10. 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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,174,603	\$ 847,993
Investments	1,958,245	1,729,006
Rent receivable	15,858	4,409
Grants receivable	<u>466,500</u>	<u>64,100</u>
Total financial assets	3,615,206	2,645,508
Less: amounts with donor restrictions	<u>2,649,662</u>	<u>1,640,143</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 965,544</u>	<u>\$ 1,005,365</u>



# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

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### **11. COVID-19 and Paycheck Protection Program (PPP) Loan**

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to PennFuture, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes PennFuture is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

PennFuture qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$310,221 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon PennFuture's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by PennFuture. PennFuture intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, PennFuture will be required to pay interest on the PPP Loan at a rate of 1.0% per annum. Repayment of the loan will commence when the amount of forgiveness is determined by the SBA. If forgiveness is not applied for within 10 months after the last day of the covered period, payments will begin that month. Interest will accrue on the loan beginning with disbursement. The terms of the PPP Loan provide for customary events of default, including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.