

## **Citizens for Pennsylvania's Future**

Financial Statements

Years Ended June 30, 2021 and 2020  
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, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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) 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." Our opinion is not modified with respect to this matter.

*Maher Duessel*

Harrisburg, Pennsylvania  
December 13, 2021

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 1,321,765	\$ 1,174,603
Grants receivable	888,732	466,500
Other receivables	11,889	20,646
Prepaid expenses	38,898	42,122
	<hr/>	<hr/>
Total current assets	2,261,284	1,703,871
Restricted cash	29,254	31,282
Investments	2,782,673	1,958,245
Property and equipment, net	416,239	425,703
Other assets:		
Security deposits	9,928	10,368
	<hr/>	<hr/>
Total other assets	9,928	10,368
	<hr/>	<hr/>
<b>Total Assets</b>	<b>\$ 5,499,378</b>	<b>\$ 4,129,469</b>
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<b>Liabilities and Net Assets</b>		
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Current liabilities:		
Accounts payable and accrued expenses	\$ 273,089	\$ 281,391
Deferred revenue	16,002	11,968
Paycheck Protection Program Loan	-	310,221
Health Care Settlement	29,254	31,282
	<hr/>	<hr/>
Total Current Liabilities	318,345	634,862
	<hr/>	<hr/>
Net Assets:		
Without donor restrictions	1,736,965	844,945
With donor restrictions	3,444,068	2,649,662
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Total Net Assets	5,181,033	3,494,607
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<b>Total Liabilities and Net Assets</b>	<b>\$ 5,499,378</b>	<b>\$ 4,129,469</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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Other Support:</b>			
Grants	\$ 54,802	\$ 3,489,287	\$ 3,544,089
Contributions	195,505	-	195,505
Membership fees	36,165	-	36,165
Special events	10,884	-	10,884
Rental income	50,055	-	50,055
Investment income, net	946,578	-	946,578
Paycheck Protection Plan Loan forgiveness	310,221	-	310,221
Other income	10,017	-	10,017
Net assets released from restriction	2,694,881	(2,694,881)	-
Total revenues and other support	4,309,108	794,406	5,103,514
<b>Expenses:</b>			
Program services	2,607,752	-	2,607,752
Supporting services:			
Management and general	415,065	-	415,065
Management and general - lobbying	63,563	-	63,563
Fundraising	330,708	-	330,708
Total expenses	3,417,088	-	3,417,088
<b>Change in Net Assets</b>	892,020	794,406	1,686,426
<b>Net Assets:</b>			
Beginning of year	844,945	2,649,662	3,494,607
End of year	\$ 1,736,965	\$ 3,444,068	\$ 5,181,033

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
Management and general - 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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 1,197,599	\$ 125,918	\$ 41,110	\$ 223,175	\$ 1,587,802
Payroll taxes and other fringe benefits	267,268	25,701	10,204	43,407	346,580
Advertising and communications	112,553	567	3,962	3,275	120,357
Bank and credit card charges	121	3,924	-	-	4,045
Consultants and contract labor	754,936	353	4,069	3,828	763,186
Conferences and meetings	3,716	348	-	2,703	6,767
Depreciation	15,593	260	837	3,469	20,159
Dues, subscriptions, and membership fees	26,107	6,583	-	405	33,095
Grants paid	25,372	-	-	-	25,372
Insurance	15,493	13,928	-	-	29,421
Internet and computer expenses	26,668	37,345	155	3,680	67,848
Occupancy costs	110,392	55,178	2,753	19,101	187,424
Office equipment leases and maintenance	-	4,700	-	-	4,700
Postage	594	1,521	-	4,046	6,161
Printing and publications	3,320	209	-	19,997	23,526
Professional fees	7,400	133,115	50	-	140,565
Research and other	16,961	51	-	476	17,488
Supplies	5,326	4,576	-	1,931	11,833
Telephone	13,170	641	330	1,172	15,313
Travel and meals	5,163	147	93	43	5,446
<b>Total expenses</b>	<b>\$ 2,607,752</b>	<b>\$ 415,065</b>	<b>\$ 63,563</b>	<b>\$ 330,708</b>	<b>\$ 3,417,088</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, 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 meals	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 CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,686,426	\$ 591,170
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	20,159	26,892
Realized (gain) loss on sale of investments	(395,739)	2,363
Unrealized gain on investments	(518,533)	(164,219)
Loss on disposal of assets	669	-
Forgiveness of Paycheck Protection Plan Loan	(310,221)	-
Non-cash contributions	(1,074)	(15,012)
(Increase) decrease in assets:		
Grants receivable	(422,232)	(402,400)
Other receivables	8,757	(16,237)
Prepaid expenses	3,224	(3,307)
Security deposits	440	(109)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(8,302)	51,870
Deferred revenue	4,034	(972)
Health Care Settlement	(2,028)	31,282
Net cash and cash equivalents provided by operating activities	65,580	101,321
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments	720,151	158,213
Purchase of investments	(629,233)	(210,583)
Acquisition of property and equipment	(11,364)	(1,280)
Net cash and cash equivalents provided by (used in) investing activities	79,554	(53,650)
<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, Cash Equivalents, and Restricted Cash</b>	145,134	357,892
<b>Cash, Cash Equivalents, and Restricted Cash:</b>		
Beginning of year	1,205,885	847,993
End of year	\$ 1,351,019	\$ 1,205,885

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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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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 time has passed. Other donor-imposed restrictions on net assets are permanent in

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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nature. These net assets have been restricted by donors to be maintained in perpetuity. As of June 30, 2021 and 200, PennFuture did not have any net assets with donor restrictions that were permanent in nature.

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, 2021 and 2020, there was no allowance for uncollectible grant receivables.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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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, 2021 AND 2020

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### Compensated Absences

Full-time employees earn paid leave based on length of service. Employees hired after August 28, 2018 may carry over no more than 40 hours of paid leave from one anniversary date to the next. For the year ended June 30, 2021, employees hired on or before August 28, 2018 may carry over from one anniversary date to the next no more than 80 hours if anniversary date during July through December or 40 hours if anniversary date during January through June. For the year ended June 30, 2020, employees hired on or before August 28, 2018 may carry over from one anniversary date to the next no more than 120 hours if anniversary date during July through December or 80 hours if anniversary date during January through June. An employee separated from employment will be paid for earned unused leave. As of June 30, 2021 and 2020, PennFuture accrued \$65,370 and \$75,909, respectively, in compensated absences.

### Grants and Contributions

Grants and contributions received are evaluated using the decision tree in the Accounting Standards Codification (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.

### Revenue and Revenue Recognition

Membership Dues and 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. PennFuture recognizes the membership dues ratably over the membership period. 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, 2021 AND 2020

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Special Events – PennFuture records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

Rental Income – PennFuture recognizes rental income when the performance obligations of providing space for the tenants are satisfied.

### 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

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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activities that would jeopardize its tax-exempt status. Further, PennFuture annually files a Form 990.

### 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, 2021:

ASU 2018-08, *"Non-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. The implementation of this standard for contributions received was reflected in the June 30, 2020 financial statements. The implementation of this standard for grant award expenses is reflected in the June 30, 2021 financial statements and was applied retrospectively to all periods presented, but no prior period adjustments were necessary as a result.

ASU 2014-09, *"Revenue from Contracts with Customers (Topic 606)."* The amendments provide guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures. The implementation of this standard was applied retrospectively to all periods presented, but no prior period adjustments were necessary as a result.

ASU 2018-13, *"Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)."* The amendments remove and modify certain fair value hierarchy leveling disclosures. The implementation of this standard was applied retrospectively to all periods presented. Implementation resulted in no financial statement disclosure modifications.

### Pending Standards Update

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 2018-15, *"Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract,"* is effective for PennFuture's financial

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# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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statements for the year ending 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.

ASU 2020-07, "Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets," is effective for PennFuture's financial statements for the year ending June 30, 2022. The amendments in this update address presentation and disclosure of contributed nonfinancial assets.

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.

The following table provides a reconciliation of cash and cash equivalents and restricted cash 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,321,765	\$ 1,174,603
Restricted cash	<u>29,254</u>	<u>31,282</u>
Total cash and cash equivalents and restricted cash	<u>\$ 1,351,019</u>	<u>\$ 1,205,885</u>

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

### 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	2021		2020	
		Fair Value	Cost	Fair Value	Cost
Common stocks:					
Materials	1	\$ 91,693	\$ 77,977	\$ 59,130	\$ 58,462
Energy	1	813	491	-	-
Information technology	1	127,472	57,994	107,045	72,271
Consumer discretionary	1	290,438	126,215	236,963	134,604
Consumer staples	1	15,780	12,746	18,482	16,958
Industrials	1	48,687	42,136	53,817	44,594
Financials	1	60,727	42,993	68,111	56,136
Healthcare	1	61,690	49,727	62,870	54,998
Utilities	1	3,458	3,091	1,257	1,196
Real Estate	1	214,764	109,320	163,907	106,076
Telecom service	1	50,758	23,843	5,615	5,750
Equity mutual funds:					
Large cap	1	291,185	172,179	247,514	217,598
Small/mid cap	1	375,401	284,946	282,614	294,468
Foreign large blend	1	220,001	213,000	45,668	48,485
Bond mutual funds:					
U.S. Treasuries	1	12,899	12,400	8,099	7,927
Mortgages/asset backed	1	12,089	12,000	8,044	8,266
Multi-sector	1	229,432	223,437	193,543	192,857
Intermediate-Term bond	1	130,264	121,877	128,132	116,385
Exchange traded funds:					
Large blend	1	177,949	123,790	81,436	72,619
Fixed income	1	51,214	51,988	14,184	14,073
Industrials	1	68,934	42,152	45,139	41,962
Technology	1	12,931	14,265	-	-
Miscellaneous sector	1	234,094	109,099	126,675	97,121
Total investments		<u>\$ 2,782,673</u>	<u>\$ 1,927,666</u>	<u>\$ 1,958,245</u>	<u>\$ 1,662,806</u>

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 50,202	\$ 38,878
Realized gain (loss) on sale of investments	395,739	(2,363)
Unrealized gain on investments	518,533	164,219
Investment expense	<u>(17,896)</u>	<u>(13,953)</u>
Investment income, net	<u>\$ 946,578</u>	<u>\$ 186,781</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, 2021 and 2020.

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>2021</u>	<u>2020</u>
Land	\$ 70,000	\$ 70,000
Buildings and improvements	646,161	639,606
Furniture and fixtures	5,433	5,433
Computer equipment	10,105	7,590
Website	<u>49,741</u>	<u>49,741</u>
	781,440	772,370
Less: accumulated depreciation	<u>365,201</u>	<u>346,667</u>
Net property and equipment	<u>\$ 416,239</u>	<u>\$ 425,703</u>

Depreciation expense amounted to \$20,159 and \$26,892 for the years ended June 30, 2021 and 2020, respectively.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

### 5. Revenue from Contracts with Customers

The following table provides information about significant changes in the contract liabilities for the year ended June 30:

	<u>2021</u>	<u>2020</u>
Deferred membership dues, beginning of year	\$ 11,968	\$ 12,255
Revenue recognized that was included in deferred membership dues at the beginning of the year	(11,968)	(12,255)
Increase in deferred revenue due to cash received	<u>16,002</u>	<u>11,968</u>
Deferred membership dues, end of year	<u>\$ 16,002</u>	<u>\$ 11,968</u>

### 6. 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, 2021 and 2020, the amount to be used was \$29,254 and \$31,282, respectively. This amount is shown as restricted cash on the statements of financial position.

### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Coal-Tar Based Sealcoat Reduction Campaign	\$ 7,444	\$ 7,444
Mt. Pleasant Township Substantive Validity Challenge	40,353	40,353
Work Under the Climate Action Campaign	139,473	57,534
Outreach and Advocacy Work to Reform the Renewable Fuel Standard	13,390	13,390
Enterprise Holdings - Electric Vehicle Outreach in Philadelphia	-	450
Green in '18	10,000	10,000
Dietel Grant - Voter Engagement	73,176	199,465
Outreach and education in Philadelphia to elevate green stormwater infrastructure	816,738	273,079
LCVEF Work Plan Grant	5,323	5,323
Protect the critical headwaters of the Delaware River	875,201	461,035
Choose Clean Water Coalition	15,872	33
PA CCWC Lead and Statewide Advocacy	25,133	59,255
Bucks County Environmental Organizing Project	192,533	328,946

(continued)

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Our Water, Our Future	\$ -	\$ 54,247
Clean Energy Transition	-	1,500
Advance Water Quality	21,493	43,093
Legal Internships	42,052	43,014
Water Quality Protection - Local and Chesapeake Bay Watershed	-	19,359
Earth Day 2020	-	1,671
Protecting Pennsylvania's Open Spaces and High Quality Streams	126,945	145,618
LCV Voter Registration	17,522	63,045
Education Efforts about Fracked Gas, Petrochemical and Plastic Subsidies	-	6,420
Keep Philly Clean & Water Clean Campaign	30,212	129,548
Reimagine Appalachia	27,074	3,351
To hire and equip an organizer in Chester County to expand the existing program to educate local officials through constituent engagement and continue building a sustainable volunteer advocacy program in strategic regions of the state	11,673	15,000
To advance sustainability, protect the environment, and foster community in Western PA	384,980	374,008
Clean energy issues at the state level	18,312	24,945
To help create a BMP Cost Share Program in PA	13,405	10,000
Civic Engagement	-	25,000
Support of Advocates for Conservation and the Environment Program	12,652	59,910
Support policy work challenging fracked gas and petrochemical subsidies and buildout	22,340	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	3,725	3,500
Campbell 2020	21,033	-
Serve as the coalition for Delaware River Watershed's state lead in PA	11,958	12,242
Campbell Foundation CVPA 20-21	16,313	-
Moses Feldman	6,141	-
Mott Foundation 2020	108,705	-
LCVEF Civic Engagement	1,456	-
LCVEF DEJ	20,000	-
NRDC	2,669	-
Chesapeake Bay Trust	29,732	-
2021 LCV ECU	25,000	-
NRDC Action Fund	2,000	-
LCVEF DFA	72,502	-
Martin Legal intern Year 2	19,952	-
NWF Federal Climate	9,680	-
Energy Foundation 21-22	135,100	-
Foundation for PA Watershed	14,806	-
Total	<u>\$ 3,444,068</u>	<u>\$ 2,649,662</u>

(concluded)

During the years ended June 30, 2021 and 2020, net assets with donor restrictions that are temporary in nature of \$2,694,881 and \$1,802,748, respectively, were released by incurring expenses pursuant to donor stipulations.

## 8. Commitments

PennFuture leases its Philadelphia, Pittsburgh, and Mount Pocono facilities under non-cancelable operating leases which expire through 2022 to 2026. PennFuture also leases

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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several pieces of office equipment under non-cancelable operating leases expiring through February 2026.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 120,082
2023	1,675
2024	1,675
2025	1,675
2026	977
Total	<u>\$ 126,084</u>

Total rent expense, exclusive of operating cost of facilities and office equipment, amounted to \$114,740 and \$119,132 for the years ended June 30, 2021 and 2020, respectively.

### 9. Economic Dependency

PennFuture is dependent upon grants from various foundations to fund program expenses. For the years ended June 30, 2021 and 2020, PennFuture received 59% and 44%, respectively, from three granting agencies. Discontinuation of, or reductions of such grants would force the curtailment of many program services.

### 10. 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 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, 2021 and 2020.

# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

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### 11. 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,321,765	\$ 1,174,603
Investments	2,782,673	1,958,245
Rent receivable	6,429	15,858
Grants receivable	<u>888,732</u>	<u>466,500</u>
Total financial assets	4,999,599	3,615,206
Less: amounts with donor restrictions	<u>3,444,068</u>	<u>2,649,662</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 1,555,531</u>	<u>\$ 965,544</u>

### 12. Paycheck Protection Program (PPP) Loan

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

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# CITIZENS FOR PENNSYLVANIA'S FUTURE

## NOTES TO FINANCIAL STATEMENTS

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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. As of March 10, 2021, the loan was forgiven by the SBA in full. PennFuture recorded a gain on loan forgiveness on the accompanying statement of activities.

### **13. Risk and Contingency**

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on our business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate, which is highly uncertain.