

*CLEAN AIR CAROLINA*

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2015*

---

# ***CLEAN AIR CAROLINA***

## **Table of Contents** **December 31, 2015**

---

	<b>Page</b>
Independent Auditors' Report .....	1-2
Audited Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements .....	7-10

# ***C. DEWITT FOARD & COMPANY, P.A.***

---

*CERTIFIED PUBLIC ACCOUNTANTS  
817 EAST MOREHEAD STREET SUITE 100  
CHARLOTTE, NORTH CAROLINA 28202  
TELEPHONE: 704-372-1515 FACSIMILE: 704-372-6066*

*PHILLIP G. WILSON  
TERRY W. LANCASTER*

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Clean Air Carolina  
Charlotte, North Carolina

We have audited the accompanying financial statements of Clean Air Carolina ("the Organization" - a nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 in the first paragraph present fairly, in all material respects, the financial position of Clean Air Carolina, as of December 31, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors of  
Clean Air Carolina  
Charlotte, North Carolina

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 financial statements, and our report dated June 16, 2015, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C. DeWitt Ford & Company, P.A.*  
July 5, 2016

---

**CLEAN AIR CAROLINA****Statement of Financial Position****December 31, 2015, with prior year comparative totals**

---

	December 31,	
	2015	2014
<b><u>ASSETS</u></b>		
Current Assets:		
Cash	\$ 460,903	\$ 268,403
Receivables	1,143	12,000
Prepaid expenses	2,542	1,240
<b><i>Total Current Assets</i></b>	<b>464,588</b>	<b>281,643</b>
Property and Equipment (net)	10,401	12,381
<b><i>TOTAL</i></b>	<b>\$ 474,989</b>	<b>\$ 294,024</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable	\$ 6,764	\$ 4,736
Accrued payroll	6,199	5,205
<b><i>Total Current Liabilities</i></b>	<b>12,963</b>	<b>9,941</b>
Net Assets:		
Unrestricted:		
Undesignated	241,963	70,883
Designated	195,700	195,700
<b><i>Total unrestricted</i></b>	<b>437,663</b>	<b>266,583</b>
Temporarily restricted	24,363	17,500
<b><i>Total Net Assets</i></b>	<b>462,026</b>	<b>284,083</b>
<b><i>TOTAL</i></b>	<b>\$ 474,989</b>	<b>\$ 294,024</b>

---

# **CLEAN AIR CAROLINA**

## **Statement of Activities**

**Year ended December 31, 2015, with prior year comparative totals**

---

	Year ended December 31, 2015			Prior Year Comparative Totals
	Unrestricted	Temporarily Restricted	TOTALS	
<b><u>SUPPORT AND REVENUE</u></b>				
Grants and contributions	\$ 553,258	\$ 34,137	\$ 587,395	\$ 404,775
Special events (net of \$12,880 direct benefit)	2,465	-	2,465	10,443
Other income	817	-	817	5,365
Net assets released from restrictions:				
Restrictions satisfied by payment	27,274	(27,274)	-	-
<b><i>Total Support and Revenue</i></b>	<b><i>583,814</i></b>	<b><i>6,863</i></b>	<b><i>590,677</i></b>	<b><i>420,583</i></b>
<b><u>EXPENSES</u></b>				
Program services	316,844	-	316,844	235,707
Management and general	65,685	-	65,685	47,577
Fundraising	30,205	-	30,205	17,243
<b><i>Total Expenses</i></b>	<b><i>412,734</i></b>	<b><i>-</i></b>	<b><i>412,734</i></b>	<b><i>300,527</i></b>
<b><i>CHANGE IN NET ASSETS</i></b>	<b><i>171,080</i></b>	<b><i>6,863</i></b>	<b><i>177,943</i></b>	<b><i>120,056</i></b>
<b><i>NET ASSETS, BEGINNING</i></b>	<b><i>266,583</i></b>	<b><i>17,500</i></b>	<b><i>284,083</i></b>	<b><i>164,027</i></b>
<b><i>NET ASSETS, ENDING</i></b>	<b><i>\$ 437,663</i></b>	<b><i>\$ 24,363</i></b>	<b><i>\$ 462,026</i></b>	<b><i>\$ 284,083</i></b>

---

# **CLEAN AIR CAROLINA**

## **Statement of Functional Expenses**

**Year ended December 31, 2015, with prior year comparative totals**

---

	Year ended December 31, 2015				Prior Year
	Program Services	Management and General	Fundraising	TOTALS	Comparative Totals
<b><u>PERSONNEL</u></b>					
Salaries, wages and benefits	\$ 185,292	\$ 35,860	\$ 8,892	\$ 230,044	\$ 181,113
Payroll taxes	15,363	2,768	697	18,828	14,361
<b><i>Total</i></b>	<b>200,655</b>	<b>38,628</b>	<b>9,589</b>	<b>248,872</b>	<b>195,474</b>
<b><u>OTHER</u></b>					
Outreach and development	4,000	-	14,170	18,170	13,347
Professional services	14,209	15,112	14,700	44,021	25,354
Occupancy	10,678	1,321	300	12,299	8,735
Board and other meetings	4,973	674	-	5,647	18,215
Office supplies and expense	10,170	1,552	1,242	12,964	10,656
Software and website	2,324	653	1,650	4,627	10,573
Dues and subscriptions	2,410	51	150	2,611	1,329
Insurance	-	2,243	-	2,243	2,529
Training and conferences	47,918	-	-	47,918	2,219
Marketing	6,181	370	-	6,551	-
Travel	5,364	293	-	5,657	10,496
Printing	6,522	-	622	7,144	2,960
Postage	316	336	389	1,041	1,115
Depreciation expense	-	4,095	-	4,095	2,138
Telephone	1,124	357	273	1,754	957
<b><i>Total</i></b>	<b>116,189</b>	<b>27,057</b>	<b>33,496</b>	<b>176,742</b>	<b>110,623</b>
<b><i>Total Expenses</i></b>	<b>316,844</b>	<b>65,685</b>	<b>43,085</b>	<b>425,614</b>	<b>306,097</b>
Less- Special event costs deducted from revenue	-	-	12,880	12,880	5,570
<b><i>TOTAL EXPENSES</i></b>	<b>\$ 316,844</b>	<b>\$ 65,685</b>	<b>\$ 30,205</b>	<b>\$ 412,734</b>	<b>\$ 300,527</b>

---

# **CLEAN AIR CAROLINA**

## **Statement of Cash Flows**

**Year ended December 31, 2015, with prior year comparative totals**

---

	December 31,	
	2015	2014
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 177,943	\$ 120,056
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	4,095	2,138
In-kind contributions of fixed assets	-	(5,125)
(Increase) decrease in operating assets:		
Receivables	10,857	(9,964)
Prepaid expenses	(1,302)	302
Increase (decrease) in operating liabilities:		
Accrued payroll	994	1,589
Accounts payable	2,028	2,721
<b><u>Net Cash Flows from Operating Activities</u></b>	<b><u>194,615</u></b>	<b><u>111,717</u></b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of fixed assets	(2,115)	(5,961)
<b><u>Net Cash Flows from Investing Activities</u></b>	<b><u>(2,115)</u></b>	<b><u>(5,961)</u></b>
<b>NET CHANGE IN CASH</b>	<b>192,500</b>	<b>105,756</b>
<b>CASH, BEGINNING</b>	<b>268,403</b>	<b>162,647</b>
<b>CASH, ENDING</b>	<b>\$ 460,903</b>	<b>\$ 268,403</b>



---

# ***CLEAN AIR CAROLINA***

## **Notes to Financial Statements**

**December 31, 2015**

---

### **NOTE 1 – NATURE OF ACTIVITIES**

#### *Organization and purpose*

Clean Air Carolina (the Organization) was incorporated under the laws of the State of North Carolina as a not-for-profit organization in 2003. The Organization is located in Charlotte, North Carolina, and is an initiative working to restore clean and healthy air to the Central Carolinas region by raising awareness about air pollution and climate change, building partnerships, and advocating for policy changes and individual action.

#### *Funding sources*

Activities of the Organization are financed principally by grants from corporations and private foundations and by contributions from individuals.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Basis of accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted net assets* – Unrestricted net assets are those which are not subject to donor-imposed stipulations and are currently available for use in the day-to-day operations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted grants and contributions whose restrictions are met in the same reporting period as received are reported as unrestricted support.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The donors of these assets generally permit the Organization to use the income earned on any related investments for general or specific purposes. As of December 31, 2015, the Organization had no permanently restricted net assets.

#### *Recorded donated goods and services*

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or materials, if significant, are included in contributions at fair value. During the year, the Organization recorded contributed services with a fair value of \$500 and donated supplies with a fair value of \$1,200.

---

# ***CLEAN AIR CAROLINA***

## **Notes to Financial Statements**

**December 31, 2015**

---

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

#### *Other donated goods and services*

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions as the contributions are either insignificant or do not meet the criteria for recognition.

#### *Functional allocation of expenses*

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

#### *Federal income tax status*

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

#### *Use of estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures 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.

#### *Prior-year comparative totals*

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2015 financial statements, from which the summarized information was derived. Certain prior-year information has been reclassified to conform to 2015 presentation.

### **NOTE 3 – RECEIVABLES**

Receivables are shown with no allowance for doubtful accounts. All amounts are expected to be collected during the subsequent fiscal year.

---

# ***CLEAN AIR CAROLINA***

## **Notes to Financial Statements**

**December 31, 2015**

---

### **NOTE 4 – PROPERTY AND EQUIPMENT**

Fixed assets exceeding \$500 of value are recorded at cost if purchased or fair market value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which vary from three to ten years.

Property at December 31, 2015 is composed of the following:

Furniture and equipment	\$ 20,676
Less – accumulated depreciation	<u>10,275</u>
<b>PROPERTY AND EQUIPMENT – NET</b>	<b><u><u>\$ 10,401</u></u></b>

### **NOTE 5 – LEASE COMMITMENTS**

The Organization leases office space under non-cancelable operating leases. Minimum future rental payments under these are as follows:

Year ending December 31:	
2016	\$ 15,775
2017	18,405
2018	18,954
2019	<u>4,773</u>
Total	<b><u><u>\$ 57,907</u></u></b>

Subsequent to December 31, 2015, the Organization entered into a lease for new office space for its Charlotte office. The schedule above includes the commitment related to this new lease. Total lease payments made during the year ended December 31, 2015, for all leases were \$9,775.

### **NOTE 6 – NET ASSETS**

#### ***Designated***

Designated net assets as of December 31, 2015 consisted of \$195,700 set aside for future operating expenses.

#### ***Temporarily restricted***

As of December 31, 2015, temporarily restricted net assets consist of \$23,113 restricted to be used for the NC Breathe Conference, and \$1,250 restricted to be used for the Particle Falls exhibit.

---

# ***CLEAN AIR CAROLINA***

## **Notes to Financial Statements**

**December 31, 2015**

---

### **NOTE 7 – CONCENTRATIONS OF RISK**

#### *Cash*

Cash in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The total cash held by the Organization at December 31, 2015, includes \$215,486 in excess of insured limits covered by the FDIC.

#### *Funding*

The Organization receives a significant portion of its revenue in the form of grants from private foundations. This represents a significant concentration of risk that operations could be affected if these private foundations unexpectedly discontinued their funding of the Organization. During the year, 94% of support and revenue was received from one donor.

#### *Geographic area*

The Organization operates in a small geographic area, and is therefore sensitive to changes in the local economy.

### **NOTE 8 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified, except as disclosed in Note 5 above.