
**CENTER FOR
ENVIRONMENTAL HEALTH**

FINANCIAL STATEMENTS

DECEMBER 31, 2009

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Center for Environmental Health

Contents

Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6-10

INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Environmental Health
Oakland, California

We have audited the accompanying statement of financial position of Center for Environmental Health (a nonprofit California corporation) as of December 31, 2009, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Center for Environmental Health's 2008 financial statements and, in our report, dated May 15, 2009, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Environmental Health as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants
Oakland, California
July 13, 2010

Center for Environmental Health

Statement of Financial Position
December 31, 2009
(With Comparative Totals for December 31, 2008)

	<u>2009</u>	<u>2008</u>
Assets		
Cash and equivalents	\$ 493,833	\$ 1,397,322
Certificate of deposit	1,514,272	171,602
Accounts receivable	728	349,607
Contracts/grants receivable	245,320	226,350
Pledges receivable	38,966	20,100
Total Current assets	<u>2,293,119</u>	<u>2,164,981</u>
Property and equipment, net (Note 3)	30,230	45,100
Deposits	<u>7,779</u>	<u>7,649</u>
Total Assets	<u>\$ 2,331,128</u>	<u>\$ 2,217,730</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 77,886	\$ 59,267
Deferred revenue	144,019	212,256
Total Current liabilities	<u>221,905</u>	<u>271,523</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	1,739,319	1,509,816
Temporarily restricted (Note 6)	369,904	436,391
Total Net assets	<u>2,109,223</u>	<u>1,946,207</u>
Total Liabilities and Net Assets	<u>\$ 2,331,128</u>	<u>\$ 2,217,730</u>

See Notes to the Financial Statements

Center for Environmental Health

Statement of Activities

Year Ended December 31, 2009

(With Comparative Totals for Year Ended December 31, 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			2009	2008
Support				
Grants	\$ 227,920	\$ 205,000	\$ 432,920	\$ 579,445
Contributions	158,358		158,358	159,332
Total support	<u>386,278</u>	<u>205,000</u>	<u>591,278</u>	<u>738,777</u>
Revenue				
Court Awards	691,591		691,591	1,485,902
Fees	215,781		215,781	95,811
Interest	13,809		13,809	15,563
Other	3,292		3,292	9,956
Total revenue	<u>924,473</u>	<u>-</u>	<u>924,473</u>	<u>1,607,232</u>
Net assets released from restriction (Note 6)	<u>271,487</u>	<u>(271,487)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,582,238</u>	<u>(66,487)</u>	<u>1,515,751</u>	<u>2,346,009</u>
Expenses				
Program	1,172,857		1,172,857	1,130,079
General and administrative	116,330		116,330	126,921
Fundraising	63,548		63,548	60,102
Total Expenses	<u>1,352,735</u>	<u>-</u>	<u>1,352,735</u>	<u>1,317,102</u>
Change in Net Assets	<u>229,503</u>	<u>(66,487)</u>	<u>163,016</u>	<u>1,028,907</u>
Net Assets, beginning of year	<u>1,509,816</u>	<u>436,391</u>	<u>1,946,207</u>	<u>917,300</u>
Net Assets, end of year	<u>\$ 1,739,319</u>	<u>\$ 369,904</u>	<u>\$ 2,109,223</u>	<u>\$ 1,946,207</u>

See Notes to the Financial Statements

Center for Environmental Health

Statement of Cash Flows

Year Ended December 31, 2009

(With Comparative Totals for Year Ended December 31, 2008)

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ 163,016	\$ 1,028,907
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation	14,871	15,741
Change in assets and liabilities:		
Accounts receivable	348,879	(316,297)
Contracts/grants receivable	(18,970)	(80,100)
Pledges receivable	(18,866)	1,877
Deposits	(130)	(4,793)
Accounts payable and accrued expenses	18,619	(20,127)
Deferred revenue	(68,237)	212,256
Net cash provided by operating activities	439,182	837,464
Cash flows from investing activities:		
Purchase of certificate of deposit	(1,427,431)	(129,816)
Sales of certificates of deposit	84,760	-
Equipment purchases	-	(16,248)
Net cash used by investing activities	(1,342,671)	(146,064)
Net change in cash and equivalents	(903,489)	691,400
Cash and equivalents, beginning of year	1,397,322	705,922
Cash and equivalents, end of year	\$ 493,833	\$ 1,397,322

See Notes to the Financial Statements

Center for Environmental Health

Statement of Functional Expenses

Year Ended December 31, 2009

(With Comparative Totals for Year Ended December 31, 2008)

	Program	General and administrative	Fundraising	Total	
				2009	2008
Salaries	\$ 618,923	\$ 75,524	\$ 22,601	\$ 717,048	\$ 684,317
Payroll taxes	46,701	6,342	4,612	57,655	54,020
Retirement benefits	21,968	1,047	762	23,777	13,644
Other employee benefits	66,895	7,770	1,918	76,583	61,336
	<u>754,487</u>	<u>90,683</u>	<u>29,893</u>	<u>875,063</u>	<u>813,317</u>
Professional fundraising fees	-	-	2,733	2,733	-
Grants	50,000	-	-	50,000	61,800
Accounting	-	5,500	-	5,500	9,587
Legal	-	-	-	-	6,855
Supplies	12,088	1,442	1,280	14,810	10,871
Telephone and internet	7,764	1,054	797	9,615	25,655
Information technology	21,592	1,937	1,781	25,310	-
Postage and mailing	4,059	488	355	4,902	8,536
Occupancy	71,713	9,739	7,083	88,535	59,450
Equipment and maintenance	601	82	59	742	19,240
Printing and reproduction	3,261	205	916	4,382	17,485
Meals, travel, and entertainment	22,170	538	4,479	27,187	22,176
Training and conferences	2,086	139	421	2,646	17,111
Depreciation	12,045	1,636	1,190	14,871	15,741
Insurance	5,360	728	529	6,617	6,637
Contract services	192,717	48	10,235	203,000	211,160
Fees, licenses, memberships	2,805	313	679	3,797	6,917
Bad debt	10,000	-	-	10,000	-
Miscellaneous	109	1,798	1,118	3,025	4,564
Total expenses	<u>\$ 1,172,857</u>	<u>\$ 116,330</u>	<u>\$ 63,548</u>	<u>\$ 1,352,735</u>	<u>\$ 1,317,102</u>

See Notes to the Financial Statements

CENTER FOR ENVIRONMENTAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

NOTE 1: NATURE OF ACTIVITIES

Center for Environmental Health (the Organization) is a California nonprofit public benefit corporation, which was organized to protect the public from consumer and environmental health hazards by reducing the use of toxic chemicals and supporting corporate accountability.

Public Interest Litigation Program

The Organization's Public Interest Litigation Program enforces California's Proposition 65 Law (the Safe Drinking Water and Toxic Enforcement Act of 1986) against corporate polluters, forcing them to stop exposing the public to chemicals that cause cancer and reproductive harm.

Community Health Program

The Organization's Community Health Program works with public health professionals and communities disproportionately impacted by toxic chemicals to ensure that the perspective of these communities informs the research of the public health establishment and to ensure that the latest public health research is accessible and relevant to communities.

Policy Program

The Organization's Policy Program works with coalitions, other non-profit organizations, and local, state, and federal agencies, helping the government to draft, implement, and enforce sensible public health regulations on toxic chemicals.

Pollution Prevention Program

The Organization's Pollution Prevention Program educates large, institutional purchasers of electronics about the public health impact of the manufacture, distribution, and disposal of electronics, helping institutions make purchasing decisions that protect the public and expand the market for environmentally preferable products.

Food

The Organization's Food Program educates large, institutional purchasers of food about the public health impact of the production, distribution, and consumption of industrially grown food, helping institutions make purchasing decisions that protect the public and expand the market for environmentally preferable products.

Generation Green

The Organization's Generation Green Program is a resource for environmental health information, offering members effective ways to reduce their exposures to toxic chemicals and participate in corporate, legislative, and other campaigns that protect public health.

CENTER FOR ENVIRONMENTAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

Revenue Recognition

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. 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.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d).

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents.

CENTER FOR ENVIRONMENTAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

Contracts/grants receivable

Contracts and grants receivable consist principally of amounts due from other nonprofit organizations and government entities. The Organization believes that all contracts and grants receivable will be fully collected within one year. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense in the period in which that determination is made.

Fair Value of Financial Instruments

The fair values of financial instruments represent the quoted market prices for similar assets or liabilities in active markets.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Deferred Revenue

Deferred revenue consists of payment in advance for services for testing jewelry for lead.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Equipment	\$ 67,324	\$ 67,324
Less accumulated depreciation	<u>(37,094)</u>	<u>(22,224)</u>
Total	<u>\$ 30,230</u>	<u>\$ 45,100</u>

CENTER FOR ENVIRONMENTAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

NOTE 4: COMMITMENTS

The Organization is party to a lease for office space in Oakland which expires in July 2013. The future minimum operating lease payments are as follows at December 31:

2010	\$ 88,101
2011	90,130
2012	92,160
2013	<u>54,450</u>
Total	<u>\$ 324,841</u>

Rent payments for the years ended December 31, 2009 and 2008 totaled \$88,534 and \$55,745, respectively.

NOTE 5: CONTINGENCIES

Certain grant awards and donations require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available as follows on December 31:

	<u>2009</u>	<u>2008</u>
CHANGE	\$ 165,000	\$ 288,333
Bridging Environment, Health and Justice	82,071	54,167
Prop 65	72,000	-
Policy	<u>20,833</u>	<u>-</u>
Total purpose restrictions	<u>339,904</u>	<u>342,500</u>
Restricted for future operations	<u>30,000</u>	<u>93,891</u>
Total	<u>\$ 369,904</u>	<u>\$ 436,391</u>

CENTER FOR ENVIRONMENTAL HEALTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows:

	<u>2009</u>	<u>2008</u>
Bridging Environment, Health and Justice	\$ 62,096	\$ 62,833
Prop 65	18,000	2,000
CLEEN	-	30,000
CHANGE	123,333	152,434
Policy	4,167	-
Environmental Justice	-	188
Food	-	13,000
Green Science Program	-	21,695
Pollution Prevention	-	<u>52,400</u>
Total purpose restriction fulfilled	<u>207,596</u>	<u>334,550</u>
Passage of time	<u>63,891</u>	<u>118,333</u>
Total	<u>\$ 271,487</u>	<u>\$ 452,883</u>

NOTE 7: PENSION

The Organization has a defined contribution plan as established under Internal Revenue Code Section 401(k) (the Plan). All full time employees are eligible for participation in the Plan, become eligible after six months of employment, and are 100% vested. The Organization matches employee contributions based on the following formula: 50% of elective deferral contribution amounts and up to 5% of compensation. Total contributions made by the Organization for the years ended December 31, 2009 and 2008 were \$23,776 and \$13,644, respectively.