
CENTER FOR ENVIRONMENTAL HEALTH

FINANCIAL STATEMENTS

December 31, 2014

(With Comparative Totals as of December 31, 2013)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

Center for Environmental Health

Contents

Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-13

INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Environmental Health
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Environmental Health, which comprise the balance sheet as of December 31, 2014, and the related statements of activity, cash flows and functional expenses 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.

Auditors' 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 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 Center for Environmental Health as of December 31, 2014, and the results of its' operations and its' cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Center for Environmental Health's December 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 15, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants
Oakland, California
July 10, 2015

Center for Environmental Health
Statement of Financial Position
December 31, 2014
(With Comparative Totals as of December 31, 2013)

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 955,957	\$ 1,126,654
Investments (Note 3)	3,539,202	3,004,975
Accounts receivable	374,312	124,340
Grants receivable	200,000	565,000
Pledges receivable	29,717	10,000
Prepaid expenses	39,829	31,341
Total Current Assets	5,139,017	4,862,310
Property and equipment, net (Note 5)	51,041	72,109
Deposits	10,029	7,779
Total Assets	\$ 5,200,087	\$ 4,942,198
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 234,206	\$ 113,245
Grants payable	71,711	30,433
Vacation and sabbatical accrual	56,363	74,017
Deferred revenue	386,316	329,296
Total Liabilities	748,596	546,991
Commitments and Contingency (Notes 6 and 7)		
Net Assets		
Unrestricted		
Board-designated (Note 9)	1,500,000	1,500,000
Undesignated	2,749,304	2,463,020
Total Unrestricted	4,249,304	3,963,020
Temporarily restricted (Note 8)	202,187	432,187
Total Net Assets	4,451,491	4,395,207
Total Liabilities and Net Assets	\$ 5,200,087	\$ 4,942,198

See Notes to the Financial Statements

Center for Environmental Health

Statement of Activities

For the Year Ended December 31, 2014

(With Comparative Totals for the Year Ended December 31, 2013)

	Unrestricted	Temporarily Restricted	Total	
			2014	2013
Support and Revenue				
Support				
Foundation and corporate support	\$ 218,100	\$ 110,000	\$ 328,100	\$ 1,174,850
Contributions	144,701		144,701	80,886
Special event, net (Note 11)	181,061		181,061	-
Total Support	<u>543,862</u>	<u>110,000</u>	<u>653,862</u>	<u>1,255,736</u>
Revenue				
Awards and settlements	1,580,396		1,580,396	954,182
Testing and other fees	682,205		682,205	598,557
Investment activity (Note 3)	128,848		128,848	96,832
Other	15,044		15,044	26,070
Total Revenue	<u>2,406,493</u>	<u>-</u>	<u>2,406,493</u>	<u>1,675,641</u>
Net assets released from donor restriction (Note 8)	340,000	(340,000)	-	-
Total Support and Revenue	<u>3,290,355</u>	<u>(230,000)</u>	<u>3,060,355</u>	<u>2,931,377</u>
Expenses				
Program	2,292,167		2,292,167	2,237,573
General and administrative	267,793		267,793	272,729
Fundraising	444,111		444,111	401,823
Total Expenses	<u>3,004,071</u>	<u>-</u>	<u>3,004,071</u>	<u>2,912,125</u>
Change in Net Assets	<u>286,284</u>	<u>(230,000)</u>	<u>56,284</u>	<u>19,252</u>
Net Assets, beginning of year	<u>3,963,020</u>	<u>432,187</u>	<u>4,395,207</u>	<u>4,375,955</u>
Net Assets, end of year	<u>\$ 4,249,304</u>	<u>\$ 202,187</u>	<u>\$ 4,451,491</u>	<u>\$ 4,395,207</u>

See Notes to the Financial Statements

Center for Environmental Health

Statement of Cash Flows
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)

	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 56,284	\$ 19,252
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation	21,067	10,794
Realized and unrealized gain	(39,450)	(11,245)
Change in assets and liabilities:		
Accounts receivable	(249,972)	(2,208)
Grants receivable	365,000	(605,371)
Pledges receivable	(19,717)	12,640
Prepaid expenses	(8,488)	(3,711)
Deposits	(2,250)	-
Accounts payable and accrued expenses	120,961	(33,718)
Grants payable	41,278	30,432
Vacation and sabbatical accrual	(17,654)	16,839
Deferred revenue	57,020	(5,182)
Net cash provided / (used) by operating activities	324,079	(571,478)
Cash flows from investing activities		
Purchases of capital assets	-	(63,575)
Purchases of investments	(1,625,018)	(917,122)
Proceeds from sale of investments	1,130,242	938,941
Net cash used by investing activities	(494,776)	(41,756)
Net change in cash and cash equivalents	(170,697)	(613,234)
Cash and cash equivalents, beginning of year	1,126,654	1,739,888
Cash and cash equivalents, end of year	\$ 955,957	\$ 1,126,654

See Notes to the Financial Statements

Center for Environmental Health

**Statement of Functional Expenses
For the Year Ended December 31, 2014**

(With Comparative Totals for the Year Ended December 31, 2013)

	Program	General and		Total	
		Administrative	Fundraising	2014	2013
Salaries	\$ 1,057,830	\$ 100,096	\$ 211,028	\$ 1,368,954	\$ 1,525,513
Retirement benefits	43,640	4,822	8,306	56,768	56,025
Other employee benefits	113,266	13,792	21,802	148,860	164,917
Payroll taxes	89,068	7,955	17,113	114,136	119,294
Total Personnel	<u>1,303,804</u>	<u>126,665</u>	<u>258,249</u>	<u>1,688,718</u>	<u>1,865,749</u>
Grants	65,417	-	-	65,417	101,967
Legal	7,477	-	-	7,477	15,650
Accounting	-	61,061	-	61,061	73,474
Contract services	268,177	23,290	71,129	362,596	100,691
Research and testing services	328,258	-	-	328,258	326,109
Advertising and promotion	4,294	12,556	2,509	19,359	-
Supplies	28,282	1,271	2,382	31,935	24,835
Telephone and internet	15,288	1,492	2,804	19,584	17,923
Postage and mailing	3,723	413	764	4,900	7,608
Printing and reproduction	15,629	339	18,148	34,116	26,998
Equipment rental and maintenance	77	9	17	103	191
Information technology	22,080	2,507	4,711	29,298	33,030
Occupancy	119,758	10,986	24,996	155,740	151,319
Travel and meals	47,249	195	6,379	53,823	50,077
Training and conferences	37,734	8,949	36,063	82,746	62,136
Depreciation	15,770	1,840	3,457	21,067	10,794
Insurance	-	11,718	-	11,718	7,883
Dues, licenses, service fees	8,930	4,466	12,149	25,545	13,271
Miscellaneous	220	36	354	610	22,420
Total Expenses	<u>\$ 2,292,167</u>	<u>\$ 267,793</u>	<u>\$ 444,111</u>	<u>\$ 3,004,071</u>	<u>\$ 2,912,125</u>

See Notes to the Financial Statements

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

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 toxic chemicals.

Public Interest Litigation Program

The Organization's Public Interest Litigation Program uses California's Proposition 65 Law (the Safe Drinking Water and Toxic Enforcement Act of 1986) and other laws to force corporations to stop exposing people to toxic chemicals.

Bridging Environmental Health and Justice Program

The Organization's Bridging Environmental Health and Justice Program supports efforts led by low-income communities to protect residents and workers from toxic chemicals. It also works to ensure that the work of the Organization and the Environmental Health movement at large is informed by and relevant to communities that bear a disproportionate burden of chemical pollution.

Policy Program

The Organization's Policy Program works with coalitions, other non-profit organizations, and local, state, and federal agencies to help the government 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. It also works to develop and maintain strong environmental standards for electronics.

Generation Green

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

NOTE 2: 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 (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

Unrestricted net assets – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2014.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

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.

Accounts, Grants, and Pledges Receivable

The Organization considers all accounts, grants, and pledges receivable to be fully collectible at December 31, 2014. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

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

CENTER FOR ENVIRONMENTAL HEALTH

Notes to the Financial Statements For the Year Ended December 31, 2014 (With Comparative Totals for the Year Ended December 31, 2013)

Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2014 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only 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. There were no contributed services that met the criteria for recognition for the year ended December 31, 2014.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the 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. Accordingly, actual results could differ from those estimates.

Cash Equivalents

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

Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$2,500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-5 years
Website and software	3 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of

CENTER FOR ENVIRONMENTAL HEALTH

**Notes to the Financial Statements
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Deferred Revenue

Deferred revenue represents advance payments for jewelry testing services for lead.

Functional Allocation of Expenses

The costs of providing various programs and other 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.

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 GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Reclassifications

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

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of July 10, 2015 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: INVESTMENTS

The fair value of investments consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Certificates of deposit	\$ 1,140,313	\$ 1,041,814
US Treasury securities	1,746,342	1,368,141
Domestic equities	<u>652,547</u>	<u>595,020</u>
Total	<u>\$ 3,539,202</u>	<u>\$ 3,004,975</u>

Investment activity consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Interest	\$ 89,398	\$ 85,587
Realized and unrealized gain	<u>39,450</u>	<u>11,245</u>
Total	<u>\$ 128,848</u>	<u>\$ 96,832</u>

CENTER FOR ENVIRONMENTAL HEALTH

**Notes to the Financial Statements
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

NOTE 4: FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

Fair values of assets measured on recurring basis were as follows as of December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Domestic equities	\$ 652,547	\$ -	\$ 652,547
US Treasury securities	1,746,342	-	1,746,342
Certificates of Deposit	<u>-</u>	<u>1,140,313</u>	<u>1,140,313</u>
Total	<u>\$ 2,398,889</u>	<u>\$ 1,140,313</u>	<u>\$ 3,539,202</u>

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 53,858	\$ 53,858
Website and software	63,575	63,575
Less: Accumulated depreciation	<u>(66,392)</u>	<u>(45,324)</u>
Total	<u>\$ 51,041</u>	<u>\$ 72,109</u>

NOTE 6: COMMITMENTS

The Organization is party to a lease for office space in Oakland which expires in July 2016. The future minimum operating lease payments are as follows at December 31:

2015	\$ 162,306
2016	<u>93,481</u>
Total	<u>\$ 255,787</u>

Rent payments for the years ended December 31, 2014 and 2013 totaled \$155,740 and \$151,318, respectively.

CENTER FOR ENVIRONMENTAL HEALTH

**Notes to the Financial Statements
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

NOTE 7: CONTINGENCY

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 8: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2014</u>	<u>2013</u>
Bridging Environment, Health and Justice	\$ 2,187	\$ 2,187
Energy	-	130,000
Total purpose restrictions	2,187	132,187
Restricted for future operations	<u>200,000</u>	<u>300,000</u>
Total	<u>\$ 202,187</u>	<u>\$ 432,187</u>

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

	<u>2014</u>	<u>2013</u>
Bridging Environment, Health and Justice	\$ -	\$ 2,813
Energy	140,000	100,000
Public Education	-	7,500
Flame Retardant	-	36,000
Policy	<u>50,000</u>	<u>218,352</u>
Total purpose restriction fulfilled	190,000	364,665
Passage of time	<u>150,000</u>	<u>150,000</u>
Total	<u>\$ 340,000</u>	<u>\$ 514,665</u>

NOTE 9: BOARD-DESIGNATED NET ASSETS

As of December 31, 2014 and 2013, the Board of Directors designated \$1,500,000 in unrestricted net assets for an operating reserve.

NOTE 10: PENSION

The Organization has a defined contribution plan as established under Internal Revenue Code Section 401(k) (the Plan). All full time employees become eligible for participation after six months of employment and contributions are 100% vested. The Organization matches employee contributions based on the following formula: 50% of elective deferral contribution amounts up to 5% of compensation. Total contributions made by the Organization for the years ended December 31, 2014 and 2013 were \$56,768 and \$56,025, respectively.

CENTER FOR ENVIRONMENTAL HEALTH

**Notes to the Financial Statements
For the Year Ended December 31, 2014
(With Comparative Totals for the Year Ended December 31, 2013)**

NOTE 11: SPECIAL EVENT

The Organization held a fundraising event during the year. Activity related to the event was as follows during the year ended December 31, 2014:

Admission	\$ 49,000
Donations and sponsorships	190,434
Less: Costs of direct donor benefit	<u>(58,373)</u>
Total	<u>\$ 181,061</u>