

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**Kreischer  
Miller**

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**CITIZENS FOR PENNSYLVANIA'S FUTURE  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2014 AND 2013**

**INDEPENDENT AUDITORS' REPORT**

**FINANCIAL STATEMENTS**

<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>1</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>2</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>3</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>4</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>5-11</b>

## Independent Auditors' Report

The Board of Directors  
Citizens for Pennsylvania's Future  
Harrisburg, Pennsylvania

We have audited the accompanying financial statements of Citizens for Pennsylvania's Future, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, cash flows and functional expenses 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.

### *Auditors' 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 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 auditors' 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 auditors consider 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 Citizens for Pennsylvania's Future as of June 30, 2014 and 2013, 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.

*Kreischer Miller*

Horsham, Pennsylvania  
October 15, 2014

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013**

<b>ASSETS</b>	<b>2014</b>	<b>2013</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 729,600	\$ 651,071
Grants Receivable	245,417	239,995
Other Receivables	4,800	19,103
Other Current Assets	51,128	54,285
Total Current Assets	1,030,945	964,454
 <b>PROPERTY AND EQUIPMENT</b>	 501,611	 512,577
<b>OTHER ASSETS</b>		
Investments	1,673,145	1,455,949
Security Deposits	9,066	8,576
Total Other Assets	1,682,211	1,464,525
Total Assets	\$ 3,214,767	\$ 2,941,556
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 241,388	\$ 219,678
Deferred Revenue	14,017	10,217
Total Current Liabilities	255,405	229,895
<b>NET ASSETS</b>		
Unrestricted	2,140,678	2,355,995
Temporarily Restricted	818,684	355,666
Total Net Assets	2,959,362	2,711,661
Total Liabilities and Net Assets	\$ 3,214,767	\$ 2,941,556

See accompanying Notes to Financial Statements.

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>						
Grants	\$ 897,554	\$ 1,396,713	\$ 2,294,267	\$ 865,047	\$ 1,079,620	\$ 1,944,667
Contributions	118,128	-	118,128	114,769	-	114,769
Membership Fees	22,849	-	22,849	27,602	-	27,602
Special Event Income	35,771	-	35,771	-	-	-
Rental Income	26,788	-	26,788	25,494	-	25,494
Investment and Other Income	284,832	-	284,832	222,470	-	222,470
	<u>1,385,922</u>	<u>1,396,713</u>	<u>2,782,635</u>	<u>1,255,382</u>	<u>1,079,620</u>	<u>2,335,002</u>
Net Assets Released from Restrictions	<u>933,695</u>	<u>(933,695)</u>	<u>-</u>	<u>1,272,002</u>	<u>(1,272,002)</u>	<u>-</u>
Total Public Support and Revenue	2,319,617	463,018	2,782,635	2,527,384	(192,382)	2,335,002
<b>EXPENSES</b>						
Program Services	1,699,980	-	1,699,980	1,769,730	-	1,769,730
Support Services						
Management and General	532,216	-	532,216	556,090	-	556,090
Lobbying	36,131	-	36,131	53,357	-	53,357
Fundraising	266,607	-	266,607	197,666	-	197,666
Total Support Services	<u>834,954</u>	<u>-</u>	<u>834,954</u>	<u>807,113</u>	<u>-</u>	<u>807,113</u>
Total Expenses	<u>2,534,934</u>	<u>-</u>	<u>2,534,934</u>	<u>2,576,843</u>	<u>-</u>	<u>2,576,843</u>
Change in Net Assets	(215,317)	463,018	247,701	(49,459)	(192,382)	(241,841)
Net Assets - Beginning of Year	<u>2,355,995</u>	<u>355,666</u>	<u>2,711,661</u>	<u>2,405,454</u>	<u>548,048</u>	<u>2,953,502</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,140,678</u>	<u>\$ 818,684</u>	<u>\$ 2,959,362</u>	<u>\$ 2,355,995</u>	<u>\$ 355,666</u>	<u>\$ 2,711,661</u>

See accompanying Notes to Financial Statements.

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2014 AND 2013**

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 247,701	\$ (241,841)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	22,746	29,687
Realized Gain on Sale of Investments	(23,626)	(34,819)
Realized Loss on Sale of Equipment	-	3,379
Unrealized Gain on Investments	(216,461)	(96,617)
Non-Cash Contributions	(17,414)	(12,893)
(Increase) Decrease in Assets:		
Grants Receivable	(5,422)	(97,726)
Other Receivables	14,303	(11,684)
Other Current Assets	3,157	(2,943)
Security Deposits	(490)	(129)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	21,710	(149,063)
Deferred Revenue	3,800	(9,783)
Net Cash Provided (Used) by Operating Activities	50,004	(624,432)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	202,743	281,664
Purchase of Investments	(162,438)	(361,541)
Acquisition of Property and Equipment	(11,780)	(4,882)
Net Cash Provided (Used) by Investing Activities	28,525	(84,759)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	78,529	(709,191)
Cash and Cash Equivalents - Beginning of Year	651,071	1,360,262
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 729,600	\$ 651,071

See accompanying Notes to Financial Statements.

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
STATEMENTS OF FUNCTIONAL EXPENSES  
JUNE 30, 2014 AND 2013**

	2014					2013				
	Program Services	Management and General	Lobbying	Fundraising	Total	Program Services	Management and General	Lobbying	Fundraising	Total
Payroll	\$ 978,800	\$ 126,150	\$ 23,975	\$ 127,155	\$ 1,256,080	\$ 906,633	\$ 185,099	\$ 22,813	\$ 113,536	\$ 1,228,081
Payroll Taxes and Other Fringe Benefits	225,273	25,797	5,425	34,218	290,713	213,607	57,448	5,474	31,908	308,437
Total Personnel Expenses	<u>1,204,073</u>	<u>151,947</u>	<u>29,400</u>	<u>161,373</u>	<u>1,546,793</u>	<u>1,120,240</u>	<u>242,547</u>	<u>28,287</u>	<u>145,444</u>	<u>1,536,518</u>
Advertising and Communications	12,010	7,199	-	-	19,209	12,991	931	-	-	13,922
Bank Charges	415	492	-	2,410	3,317	901	2,625	-	875	4,401
Blitzes	1,240	-	-	-	1,240	-	-	-	-	-
Consultants and Contract Labor	181,476	64,060	-	29,906	275,442	256,745	13,827	15,000	-	285,572
Conferences and Meetings	16,904	9,524	-	12,943	39,371	79,879	51	101	10,177	90,208
Depreciation	10,018	10,839	248	1,641	22,746	11,151	16,859	281	1,396	29,687
Dues, Subscriptions, and Membership Fees	7,221	777	-	4,152	12,150	9,910	2,248	1,100	3,612	16,870
Excise Tax	-	-	-	-	-	-	295	-	-	295
Insurance	22,294	2,448	448	3,082	28,272	19,958	4,077	503	2,498	27,036
Internet and Computer Expenses	63,675	16,723	996	7,863	89,257	64,270	10,680	936	4,657	80,543
Investment Expenses	-	12,940	-	-	12,940	-	10,517	-	-	10,517
Occupancy Costs	95,212	40,978	1,920	14,007	152,117	92,558	37,510	2,328	11,591	143,987
Office Equipment Leases and Maintenance	3,202	1,043	71	434	4,750	3,462	700	87	434	4,683
Postage	3,501	796	29	5,921	10,247	1,743	1,117	48	2,859	5,767
Printing and Publications	4,960	1,096	193	9,245	15,494	4,306	1,867	399	4,365	10,937
Professional Fees	-	187,042	-	-	187,042	-	170,286	-	-	170,286
Research and Other	11,370	235	-	131	11,736	19,061	115	-	218	19,394
Supplies	3,341	11,711	13	2,610	17,675	11,236	13,406	117	544	25,303
Telephone	24,351	5,645	399	5,475	35,870	23,863	8,947	548	4,203	37,561
Travel and Entertainment	34,297	6,721	2,414	4,473	47,905	36,936	17,485	3,622	4,793	62,836
Video Project	420	-	-	941	1,361	520	-	-	-	520
Total Expenses	<u>\$ 1,699,980</u>	<u>\$ 532,216</u>	<u>\$ 36,131</u>	<u>\$ 266,607</u>	<u>\$ 2,534,934</u>	<u>\$ 1,769,730</u>	<u>\$ 556,090</u>	<u>\$ 53,357</u>	<u>\$ 197,666</u>	<u>\$ 2,576,843</u>

See accompanying Notes to Financial Statements.



**CITIZENS FOR PENNSYLVANIA'S FUTURE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Citizens for Pennsylvania's Future, (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 furnishing 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 contributions and grants, investment income, and memberships.

**Financial Statement Presentation**

The financial position and activities of PennFuture are included in three separate categories of net assets. Unrestricted net assets are net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (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 temporarily restricted net assets.

**Use of Estimates**

The preparation of financial statements in conformity 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 statement of cash flows, PennFuture considers all checking, savings and money market accounts and certificates of deposits held in financial institutions to be cash equivalents.

**Grants Receivable**

PennFuture provides for uncollectible grants using the allowance method, which is based on management's judgment 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, 2014 and 2013, there was no allowance for uncollectible grant receivables.

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments are stated at fair value. 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 statement of financial position.

**Property and Equipment and Depreciation**

Property and equipment is 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.

**Grants and Contributions**

Grant revenue is recognized based on the terms of the grant agreement. Grant agreements containing performance or reporting requirements are recognized as those requirements are fulfilled. Grant agreements which do not include the aforementioned requirements are treated as contributions.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires, (i.e. the donor-stipulated purposes has been fulfilled and/or the stipulated time period has elapsed) temporarily restricted net assets are reported as net assets released from restrictions.

**Functional Expenses**

Expenses are allocated to the various programs based upon direct charges for those items specifically identified with the respective programs. Other charges are allocated in accordance with an internally developed cost allocation plan.

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

**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. 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. PennFuture is not aware of any activities that would jeopardize its tax-exempt

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

status. The tax returns for the fiscal years 2011 to 2013 are open to examination by federal and state authorities.

**Fair Value Measurements**

PennFuture has categorized its financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Financial assets recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

**Level 1**

Financial assets whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that PennFuture has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. Government and agency securities).

**Level 2**

Financial assets 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 or liability. Level 2 inputs include the following: quoted prices for similar assets or liabilities in active markets (examples include money market funds and certificates of deposit) and quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently).

**Level 3**

Level 3 financial assets are those whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset (examples include certain private equity investments, long-term promises to give and split-interest agreements).

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

The following table presents PennFuture's fair value for those assets measured at fair value on a recurring basis as of June 30, 2014 and 2013:

	2014			
	Total	Level 1	Level 2	Level 3
Bonds	\$ 330,287	\$ 330,287	\$ -	\$ -
Common Stocks	710,246	710,246	-	-
Mutual Funds	632,612	632,612	-	-
	<u>\$ 1,673,145</u>	<u>\$ 1,673,145</u>	<u>\$ -</u>	<u>\$ -</u>

  

	2013			
	Total	Level 1	Level 2	Level 3
Bonds	\$ 342,456	\$ 342,456	\$ -	\$ -
Common Stocks	595,193	595,193	-	-
Mutual Funds	518,300	518,300	-	-
	<u>\$ 1,455,949</u>	<u>\$ 1,455,949</u>	<u>\$ -</u>	<u>\$ -</u>

**Reclassifications**

Certain 2013 financial information has been reclassified to conform to the 2014 presentation. The reclassifications have no impact on the previously reported change in net assets.

**Subsequent Events**

In preparing these financial statements, PennFuture has evaluated events and transactions for potential recognition or disclosure through October 15, 2014, the date the financial statements were available to be issued.

**NOTE 2 CREDIT RISK ARISING FROM CASH DEPOSITS**

Cash and cash equivalents potentially subject PennFuture to a concentration credit risk. The balances 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.

**NOTE 3 INVESTMENTS**

PennFuture carries investments in common stocks and mutual funds with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Short-term highly liquid investments are treated as cash equivalents rather than investments and are not included in investments.

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 3 INVESTMENTS (CONTINUED)**

The fair values and original cost of investments available for sale are as follows:

	2014		2013	
	Fair Value	Cost	Fair Value	Cost
Bonds	\$ 330,287	\$ 327,913	\$ 342,456	\$ 344,337
Common Stocks	710,246	478,026	595,193	484,565
Mutual Funds	632,612	536,062	518,300	512,229
Total Investments	<u>\$ 1,673,145</u>	<u>\$ 1,342,001</u>	<u>\$ 1,455,949</u>	<u>\$ 1,341,131</u>

Investment income and other income consist of:

	Years Ended June 30,	
	2014	2013
Dividends, Interest and Royalties	\$ 34,669	\$ 45,319
Realized Gain on Sale of Investments	23,626	34,819
Unrealized Gain on Investments	216,461	96,617
Loss on Disposal of Equipment	-	(3,379)
Legal Income	4,800	11,000
Other Income	5,276	38,094
Total Investment and Other Income (Loss)	<u>\$ 284,832</u>	<u>\$ 222,470</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2014	2013
Land	\$ 70,000	\$ 70,000
Buildings and Improvements	622,267	614,587
Furniture and Fixtures	141,616	137,516
Computer Equipment	125,549	125,549
Telephone System	28,410	28,410
Total	<u>987,842</u>	<u>976,062</u>
Less: Accumulated Depreciation	486,231	463,485
Total Property and Equipment	<u>\$ 501,611</u>	<u>\$ 512,577</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$22,746 and \$29,687, respectively.

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 5 DEFERRED REVENUE**

PennFuture receives membership revenue 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. Membership revenue received for future periods has been recorded as deferred revenue.

**NOTE 6 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Regional Prosperity in the Greater Philadelphia Area (William Penn Foundation)	\$ -	\$ 63,829
Comprehensive Solar Energy Policy for Southwestern Pennsylvania	-	21,413
Protection for Upper Susquehanna Watershed	-	14,120
Institute for Gas Drilling Excellence or Center for Sustainable Shale Development	-	20,268
Responsible Drilling, Clean Water Protection and Next Great City Campaign	-	123,040
Concerning Marcellus Drilling	6,637	10,725
Energy Benchmarking and Updating State Energy Codes	-	29,598
Electric Vehicle Outreach in Philadelphia	1,142	737
Defending and Strengthening Pennsylvania Renewable Energy and Energy Efficiency Regulations	-	27,073
Advancing Energy Efficiency Measures in Pennsylvania	78,151	29,359
Protecting the Clarence Moore Lands Tract of the Loyalsock State Forest	708	5,088
Work under the Clean Air Defense Campaign	21,446	-
Municipal Stormwater Management Plans, State Permitting and Related Clean Water Act	268,944	-
Clean Water Starts Initiative	5,855	-
Clean Energy Policy Recommendations to Pennsylvania's 2014 gubernatorial Candidates	7,542	-
Black and Gold City Goes Green Project	31,472	10,416
Advance Building Energy Efficiency Policies and Programs in Pennsylvania	24,775	-
Advancing Energy Efficiency Measures and Renewable Energy in Pennsylvania	19,705	-
Work under the Choose Clean Water Campaign	6,644	-
Save the Loyalsock Coalition Work	6,916	-
Strategic Planning	5,000	-
Rule 111(d)	9,722	-
Support Air Quality Improvement for Western Pennsylvania	180,000	-
Build Support for Comprehensive Regulation of Methane Emissions from Natural Gas Activities	134,025	-
Coal-Tar Based Sealcoat Reduction Campaign	10,000	-
	<u>\$ 818,684</u>	<u>\$ 355,666</u>

During the years ended June 30, 2014 and 2013, temporarily restricted net assets of \$933,695 and \$1,272,002, respectively, were released by incurring expenses pursuant to donor stipulations.

**CITIZENS FOR PENNSYLVANIA'S FUTURE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013**

**NOTE 7 COMMITMENTS**

PennFuture leases its Philadelphia, Pittsburgh, and Wilkes-Barre facilities under non-cancelable operating leases which expire from 2014 to 2016. PennFuture also leases a piece of office equipment under a non-cancelable operating lease expiring in 2015.

The minimum annual rentals as of June 30, 2014 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 102,865
2016	74,524
2017	1,896
2018	1,896
2019	1,896
Thereafter	316
Total	<u>\$ 183,393</u>

Total rent expense exclusive of operating costs of facilities and office equipment was approximately \$102,123 and \$98,279 for the years ended June 30, 2014 and 2013, respectively.

**NOTE 8 ECONOMIC DEPENDENCY**

PennFuture is dependent upon grants from various foundations to fund program expenses. For the years ended June 30, 2014 and 2013, PennFuture received 78% and 70%, respectively, from three granting agencies. Discontinuation of, or reductions of such grants would force the curtailment of many program services.