

CITIZENS FOR PENNSYLVANIA'S FUTURE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

CITIZENS FOR PENNSYLVANIA'S FUTURE

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Robin Kramer & Green, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Citizens for Pennsylvania's Future (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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 audits provide 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 Citizens For Pennsylvania's Future as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read 'Robin Kramer & Green, LLP'.

September 23, 2009

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,272,199	\$ 2,260,133
Investments	757,058	939,088
Accounts receivable	13,500	402,637
Prepaid expenses and other current assets	47,998	22,556
Total Current Assets	3,090,755	3,624,414
PROPERTY AND EQUIPMENT		
Land	70,000	70,000
Building and improvements	614,587	599,532
Furniture and fixtures	120,460	119,460
Computer equipment	102,985	76,256
Automobile	21,401	21,401
Telephone system	28,410	15,841
	957,843	902,490
Less: Accumulated depreciation	349,966	311,119
	607,877	591,371
OTHER ASSETS		
Security deposits	4,385	4,235
Investment	29,769	33,608
	34,154	37,843
	\$ 3,732,786	\$ 4,253,628
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 242,293	\$ 223,035
Deferred revenue	11,810	10,463
Total Current Liabilities	254,103	233,498
NET ASSETS		
Unrestricted		
Undesignated	1,163,755	1,426,150
Designated for property and equipment	607,877	591,371
Designated	838,649	920,681
	2,610,281	2,938,202
Temporarily restricted	727,058	948,222
Permanently restricted	141,344	133,706
	3,478,683	4,020,130
	\$ 3,732,786	\$ 4,253,628

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF ACTIVITIES

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE								
Grants and contributions	\$ 63,249	\$ 2,099,324	\$ 7,638	\$ 2,170,211	\$ 893,481	\$ 1,520,563	\$ 10,917	\$ 2,424,961
Technical assistance	24,943	-	-	24,943	6,453	-	-	6,453
Meeting income	45,508	-	-	45,508	44,107	-	-	44,107
Membership fee	19,728	-	-	19,728	31,570	-	-	31,570
Rental income	52,704	-	-	52,704	48,857	-	-	48,857
Fund raising	1,000	-	-	1,000	245,750	-	-	245,750
Investment and other income	(219,837)	-	-	(219,837)	85,376	-	-	85,376
	(12,705)	2,099,324	7,638	2,094,257	1,355,594	1,520,563	10,917	2,887,074
Net assets released from restrictions	2,320,488	(2,320,488)	-	-	2,057,538	(2,057,538)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	2,307,783	(221,164)	7,638	2,094,257	3,413,132	(536,975)	10,917	2,887,074
EXPENSES								
Program services	2,142,184	-	-	2,142,184	1,664,683	-	-	1,664,683
Support services								
Management and general	258,222	-	-	258,222	417,331	-	-	417,331
Lobbying	130,782	-	-	130,782	181,130	-	-	181,130
Fundraising	104,516	-	-	104,516	295,760	-	-	295,760
Total Support Services	493,520	-	-	493,520	894,221	-	-	894,221
TOTAL EXPENSES	2,635,704	-	-	2,635,704	2,558,904	-	-	2,558,904
INCREASE (DECREASE) IN NET ASSETS	(327,921)	(221,164)	7,638	(541,447)	854,228	(536,975)	10,917	328,170
NET ASSETS - BEGINNING OF YEAR	2,938,202	948,222	133,706	4,020,130	2,083,974	1,485,197	122,789	3,691,960
NET ASSETS - END OF YEAR	\$ 2,610,281	\$ 727,058	\$ 141,344	\$ 3,478,683	\$ 2,938,202	\$ 948,222	\$ 133,706	\$ 4,020,130

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30,

	2009						2008					
	Support Services			Total	Management and General			Total	Support Services			Total
	Program Services	Management and General	Lobbying		Fund Raising	Program Services	Management and General		Lobbying	Fund Raising		
Payroll	\$ 1,122,259	\$ 1,411,420	\$ 45,567	\$ 58,940	\$ 1,368,186	\$ 759,225	\$ 278,574	\$ 62,275	\$ 155,640	\$ 1,255,714		
Payroll taxes and other fringe benefits	158,199	19,293	5,788	9,646	192,926	112,048	41,113	9,191	22,970	185,322		
Advertising	1,280,458	160,713	51,355	68,586	1,561,112	871,273	319,687	71,466	178,610	1,441,036		
Bad debt (recoveries)	21,341	2,845	2,845	1,423	28,454	37,579	5,011	5,011	2,505	50,106		
Bank charges	-	-	-	-	-	9,600	-	-	-	9,600		
Consultants and contract labor	4,126	222	44	44	4,436	7,670	412	82	82	8,246		
Conferences and meetings	312,550	-	64,016	-	376,566	233,082	-	90,643	-	323,725		
Depreciation and amortization	6,846	-	-	-	6,846	5,010	-	-	-	5,010		
Dues, subscriptions, and membership fees	29,136	6,604	777	2,330	38,847	24,515	8,841	2,009	4,824	40,189		
Fundraising	2,066	-	739	148	2,953	2,665	-	-	-	2,665		
Insurance	-	-	-	5,600	5,600	32,718	-	-	71,031	71,031		
Internet expenses	34,671	-	-	34,671	34,671	95,405	5,129	1,026	1,026	32,718		
Investment expenses	59,882	3,219	644	644	64,389	95,405	12,794	-	1,026	102,586		
Lobbying	-	15,040	-	-	15,040	-	-	-	-	12,794		
Occupancy costs	-	-	-	382	382	-	-	-	-	5,944		
Office equipment leases and maintenance	44,094	9,994	1,176	3,527	58,791	39,170	14,127	3,211	7,706	64,214		
Postage	1,833	331	22	22	2,208	1,086	196	13	13	1,308		
Printing and publications	13,306	306	153	1,529	15,294	18,662	429	215	2,145	21,451		
Professional fees	63,858	8,515	4,257	8,515	85,145	52,638	7,018	3,509	7,018	70,183		
Rent	16,550	28,181	-	-	44,731	-	19,863	-	-	19,863		
Research and other	54,157	12,275	1,444	4,332	72,208	41,780	15,068	3,425	8,219	68,492		
Supplies	21,537	-	-	21,537	21,537	21,702	-	-	-	21,702		
Telephone	22,298	1,199	240	240	23,977	25,991	789	158	158	27,096		
Travel	29,737	1,599	320	320	31,976	33,669	1,810	362	362	36,203		
Video project	120,989	6,874	2,750	6,874	137,487	110,108	6,117	-	6,117	122,342		
	2,749	305	-	-	3,054	360	40	-	-	400		
TOTAL EXPENSES	\$ 2,142,184	\$ 2,582,222	\$ 130,782	\$ 104,516	\$ 2,635,704	\$ 1,664,683	\$ 417,331	\$ 181,130	\$ 295,760	\$ 2,558,904		

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (541,447)	\$ 328,170
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	38,847	40,506
Realized loss on sale of investments	32,990	59,439
Unrealized (gain) loss on investments	235,699	(12,206)
Non-cash contributions	(1,018)	(10,917)
(Increase) decrease in assets		
Accounts receivable	389,137	314,371
Prepaid expenses and other current assets	(25,442)	1,534
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	19,258	38,066
Deferred revenue	1,347	(4,899)
Net cash provided by operating activities	149,371	754,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	196,107	1,539,467
Purchase of investments	(277,909)	(1,290,846)
Security deposits	(150)	-
Acquisition of property and equipment	(55,353)	(26,592)
Net cash provided by (used in) investing activities	(137,305)	222,029
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,066	976,093
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,260,133	1,284,040
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,272,199	\$ 2,260,133

See Accompanying Notes to Financial Statements

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

CITIZENS FOR PENNSYLVANIA'S FUTURE, (PennFuture) is a non-profit organization. PennFuture was incorporated as a Pennsylvania non-profit corporation. PennFuture engages in multi-faceted activities designed to help Pennsylvanians protect their natural resources while preserving their economic security. PennFuture will also provide citizens, organizations and members with education, technical assistance and legal representation. PennFuture will provide leadership, information and technical assistance to enable government, businesses, nonprofit organizations, community groups, and individuals to develop an environmentally sensitive and prosperous economy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of PennFuture have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization reported 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.

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 public support and 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 highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.

Marketable Securities

The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. In accordance with SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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.

Contributions

The Organization has adopted the Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence of and/or nature of donor restrictions, if any. Under SFAS No. 116, contributions with donor restrictions other than permanent restriction are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

Program Services

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.

3. CREDIT RISK ARISING FROM CASH DEPOSITS

The Organization maintains its cash balances in a Harrisburg, Pennsylvania financial institution. The balances are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to \$100,000. On October 3, 2008, the FDIC coverage was increased to \$250,000 for the period ending December 31, 2009.

4. INVESTMENTS – SHORT-TERM

The Institute carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Short-term highly liquid investments are treated as investments rather than cash equivalents and are included in marketable securities.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS – SHORT-TERM (Cont.d)

The market values and original cost of marketable securities available for sales are as follows:

	June 30,			
	2009		2008	
	Market Value	Cost	Market Value	Cost
Obligations of U.S. Gov't. and its agencies	\$ -	\$ -	\$ 157,518	\$ 156,000
Bonds	30,198	27,837	-	-
Common stocks and mutual funds	726,860	887,894	781,570	723,852
	\$ 757,058	\$ 915,731	\$ 939,088	\$ 879,852

Marketable securities restricted for board designated endowments and permanent endowments at June 30, 2009 and 2008 were \$979,993 and \$1,054,387 respectively.

Investment income consisted of:

	Years Ending June 30,	
	2009	2008
Dividends and interest	\$ 46,719	\$ 124,100
Realized (loss) on sale of investments	(32,990)	(59,439)
Unrealized gain (loss) on investments	(235,699)	12,206
	\$ (221,970)	\$ 76,867

5. INVESTMENTS – LONG-TERM

PennFuture has invested in shares in PaceControls, LLC. These shares were acquired through a Call Option exercised by PennFuture on two-thirds of the ownership by Blue Hill Partners, LLC in PaceControls, LLC. During the years ended June 30, 2009 and 2008, PennFuture received \$5,971 and \$ 8,509 in royalty income, respectively, from PaceControls, LLC.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

6. DEFERRED REVENUE

The Organization receives membership revenue from various sources that are not deemed to be contributions. Members receive the organizations e-publications, action alerts and invitations to events, as well as the annual report and newsletter. The membership revenue received for future periods has been deferred to those periods.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	2009	2008
Biofuels	\$ 38,929	\$ -
Clean energy education plan	183,250	-
Clean up Chesapeake Bay	121,081	-
Clean water laws enforcement	238,120	75,000
Climate change	38,480	-
Cool Pennsylvania campaign	-	50,000
Energy center	7,500	88,500
Education and outreach initiative	-	118,000
Federal energy standards	37,250	-
General operating support	-	440,000
Global warming education	50,000	-
MAREC	-	89,332
Mon/Fayette project	-	74,890
Outreach support	-	12,500
Protecting Southwestern Pennsylvania streams	12,448	-
	<u>\$ 727,058</u>	<u>\$ 948,222</u>

During the years ended June 30, 2009 and 2008, temporarily restricted net assets of \$2,320,488 and \$2,057,538, respectively, were released from donor restrictions by incurring expenses in support of general program activities.

CITIZENS FOR PENNSYLVANIA'S FUTURE
NOTES TO FINANCIAL STATEMENTS

8. COMMITMENTS

The Organization leases its Philadelphia, Pittsburgh, and West Chester facilities under non-cancelable operating leases, which expire through 2010 to 2013.

The minimum annual rentals as of June 30, 2009 are as follows:

<u>Years Ending June 30,</u>	
2010	\$ 48,100
2011	34,100
2012	31,200
2013	18,200
	<u>\$ 131,600</u>

Total rent expense exclusive of operating costs of facilities and office equipment was approximately \$72,200 and \$68,500 for the years ended June 30, 2009 and 2008, respectively.

The Organization leases a portion of its Harrisburg facility to two tenants, under non-cancelable operating leases, which expire through 2009 to 2013.

<u>Years Ending June 30,</u>	
2010	\$ 23,500
2011	7,000
2012	7,200
2013	7,400
2014	600
	<u>\$ 45,700</u>

Total rental income was approximately \$52,700 and \$48,900 for the years ended June 30, 2009 and 2008, respectively.

9. FEDERAL TAX STATUS

The Internal Revenue Service has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code; as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

10. ECONOMIC DEPENDENCY

PennFuture is dependent upon grants from various foundations to fund program expenses. For the years ended June 30, 2009 and 2008, PennFuture received 60% and 47%, respectively, from three granting agencies. Therefore, the discontinuation of such grants would force the curtailment of many program services.