

Citizens for Pennsylvania's Future

Financial Statements

Years Ended June 30, 2018 and 2017
with Independent Auditor's Report

MaherDuessel

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CITIZENS FOR PENNSYLVANIA'S FUTURE

YEARS ENDED JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statements of Activities	2
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

**Board of Directors
Citizens for
Pennsylvania's Future**

We have audited the accompanying financial statements of Citizens for Pennsylvania's Future (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's 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 audits 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 Citizens for Pennsylvania's Future as of June 30, 2018 and 2017, 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.

Mahe Duessel

Harrisburg, Pennsylvania
December 10, 2018

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
<hr/>		
Current assets:		
Cash and cash equivalents	\$ 454,174	\$ 1,230,755
Grants receivable	848,964	673,937
Other receivables	25,824	15,640
Prepaid expenses	54,466	51,573
	<hr/>	<hr/>
Total current assets	1,383,428	1,971,905
	<hr/>	<hr/>
Investments	1,512,064	751,148
Property and equipment, net	461,295	485,376
Other assets:		
Other receivables, net of current portion	-	11,000
Security deposits	9,969	11,039
	<hr/>	<hr/>
Total other assets	9,969	22,039
	<hr/>	<hr/>
Total Assets	\$ 3,366,756	\$ 3,230,468
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
<hr/>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 306,555	\$ 260,388
Deferred revenue	10,738	10,487
	<hr/>	<hr/>
Total Current Liabilities	317,293	270,875
	<hr/>	<hr/>
Net Assets:		
Unrestricted	1,701,617	2,037,047
Temporarily restricted	1,347,846	922,546
	<hr/>	<hr/>
Total Net Assets	3,049,463	2,959,593
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 3,366,756	\$ 3,230,468
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The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Grants	\$ 46,770	\$ 2,611,198	\$ 2,657,968
Contributions	146,999	-	146,999
Contributed services	13,850	-	13,850
Membership fees	22,364	-	22,364
Special events	21,980	-	21,980
Rental income	40,847	-	40,847
Investment income	106,037	-	106,037
Legal income	3,480	-	3,480
Other income	32	-	32
Net assets released from restriction	2,185,898	(2,185,898)	-
Total revenues and other support	2,588,257	425,300	3,013,557
Expenses:			
Program services	2,105,309	-	2,105,309
Supporting services:			
Management and general	400,604	-	400,604
Lobbying	28,092	-	28,092
Fundraising	389,682	-	389,682
Total expenses	2,923,687	-	2,923,687
Change in Net Assets	(335,430)	425,300	89,870
Net Assets:			
Beginning of year	2,037,047	922,546	2,959,593
End of year	\$ 1,701,617	\$ 1,347,846	\$ 3,049,463

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Grants	\$ 16,762	\$ 1,546,984	\$ 1,563,746
Contributions	137,929	4,235	142,164
Contributed services	-	-	-
Membership fees	23,555	-	23,555
Special events	11,865	-	11,865
Rental income	39,597	-	39,597
Investment income	198,539	-	198,539
Legal income	615,601	-	615,601
Other income	-	-	-
Net assets released from restriction	2,595,855	(2,595,855)	-
Total revenues and other support	3,639,703	(1,044,636)	2,595,067
Expenses:			
Program services	2,460,772	-	2,460,772
Supporting services:			
Management and general	422,568	-	422,568
Lobbying	12,500	-	12,500
Fundraising	335,051	-	335,051
Total expenses	3,230,891	-	3,230,891
Change in Net Assets	408,812	(1,044,636)	(635,824)
Net Assets:			
Beginning of year	1,628,235	1,967,182	3,595,417
End of year	\$ 2,037,047	\$ 922,546	\$ 2,959,593

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 1,051,409	\$ 144,929	\$ 16,776	\$ 226,913	\$ 1,440,027
Payroll taxes and other fringe benefits	200,654	32,181	3,199	60,509	296,543
Advertising and communications	47,082	1,138	-	31	48,251
Bank and credit card charges	-	745	-	2,169	2,914
Consultants and contract labor	429,872	200	-	9,464	439,536
Conferences and meetings	25,775	4,047	161	17,597	47,580
Depreciation	22,635	6,277	273	5,890	35,075
Dues, subscriptions, and membership fees	22,873	5,409	-	911	29,193
Grants paid	49,000	-	-	-	49,000
Insurance	17,516	10,520	26	385	28,447
Internet and computer expenses	16,148	13,062	180	15,063	44,453
Investment expenses	-	11,574	-	-	11,574
Occupancy costs	118,431	33,416	1,834	22,730	176,411
Office equipment leases and maintenance	-	6,266	-	-	6,266
Postage	560	660	-	2,025	3,245
Printing and publications	5,034	497	-	3,702	9,233
Professional fees	3,075	117,709	-	-	120,784
Research and other	9,160	-	-	-	9,160
Supplies	1,116	6,370	-	2,732	10,218
Telephone	12,731	2,012	113	3,071	17,927
Travel and entertainment	72,238	3,592	5,530	16,490	97,850
Total expenses	<u>\$ 2,105,309</u>	<u>\$ 400,604</u>	<u>\$ 28,092</u>	<u>\$ 389,682</u>	<u>\$ 2,923,687</u>

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	Program Services	Management and General	Management and General - Lobbying	Fundraising	Total
Payroll	\$ 962,505	\$ 159,952	\$ 6,770	\$ 183,171	1,312,398
Payroll taxes and other fringe benefits	175,755	37,442	2,232	45,815	261,244
Advertising and communications	747	280	-	30	1,057
Bank and credit card charges	340	341	-	1,899	2,580
Consultants and contract labor	1,026,654	6,186	-	19,518	1,052,358
Conferences and meetings	20,810	2,401	-	10,936	34,147
Depreciation	19,003	4,780	46	4,893	28,722
Dues, subscriptions, and membership fees	15,740	4,875	-	5,133	25,748
Grants paid	-	-	-	-	-
Insurance	17,606	10,122	26	418	28,172
Internet and computer expenses	16,962	10,570	195	14,195	41,922
Investment expenses	-	12,300	-	-	12,300
Occupancy costs	110,264	31,981	1,025	21,152	164,422
Office equipment leases and maintenance	-	5,960	-	-	5,960
Postage	3,657	669	-	3,225	7,551
Printing and publications	8,137	1,377	-	12,593	22,107
Professional fees	200	116,447	-	-	116,647
Research and other	9,162	3,452	-	75	12,689
Supplies	5,280	8,017	-	1,755	15,052
Telephone	14,499	2,478	162	2,988	20,127
Travel and entertainment	53,451	2,938	2,044	7,255	65,688
Total expenses	\$ 2,460,772	\$ 422,568	\$ 12,500	\$ 335,051	\$ 3,230,891

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	\$ 89,870	\$ (635,824)
Adjustments to reconcile change in net assets to net cash and cash equivalents used in operating activities:		
Depreciation	35,075	28,722
Realized gain on sale of investments	(21,007)	(194,778)
Unrealized (gain) loss on investments	(57,339)	26,804
Non-cash contributions	(5,235)	(5,272)
(Increase) decrease in assets:		
Grants receivable	(175,027)	(352,947)
Other receivables	816	(10,280)
Prepaid expenses	(2,893)	(2,549)
Security deposits	1,070	2,906
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	46,166	76,040
Deferred revenue	251	161
Net cash and cash equivalents used in operating activities	(88,253)	(1,067,017)
Cash Flows From Investing Activities:		
Proceeds from sale of investments	173,834	1,695,079
Purchase of investments	(851,168)	(711,145)
Acquisition of property and equipment	(10,994)	(28,811)
Net cash and cash equivalents provided by (used in) investing activities	(688,328)	955,123
Net Decrease in Cash and Cash Equivalents	(776,581)	(111,894)
Cash and Cash Equivalents:		
Beginning of year	1,230,755	1,342,649
End of year	\$ 454,174	\$ 1,230,755

The accompanying notes are an integral part of these financial statements.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Citizens for Pennsylvania's Future (PennFuture) is presented to assist in understanding the organization's financial statements. The financial statements and notes are the representations of the organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

Nature of Activities

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 furnish 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 grants and contributions.

Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual basis of accounting.

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 when not donor restricted. 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

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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 accordance 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 Statements of Cash Flows, PennFuture considers all checking and money market accounts held in financial institutions to be cash and cash equivalents.

Grants Receivable

Grants receivable are due in less than one year.

PennFuture provides for uncollectible grants using the allowance method, which is based on management's judgement 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. At June 30, 2018 and 2017, there was no allowance for uncollectible grant receivables.

Investments

Investments are stated at fair value. Quoted market prices in active markets for identical assets were used as fair value when available. Investments held in common stocks, equity mutual funds, bond mutual funds, and exchange traded funds are valued at the daily closing price as reported by the asset. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Fair Value Measurements

PennFuture has categorized its investments based on the fair value hierarchy. Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Level 1 investments held by PennFuture include common stocks, equity mutual funds, bond mutual funds, and exchange traded funds.

Investments 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, are classified within Level 2. PennFuture has no Level 2 investments.

Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement are classified within Level 3. PennFuture has no Level 3 investments.

Property and Equipment

Property and equipment are 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.

Compensated Absences

Full-time employees earn paid leave based on length of service. Employees may carry over no more than 160 hours of paid leave forward from one anniversary date to the next. An employee separated from employment will be paid for earned unused leave. As of June 30, 2018 and 2017, PennFuture accrued \$83,426 and \$90,718, respectively, in compensated absences.

Deferred Revenue

PennFuture receives membership fees from various sources that are not deemed to be contributions. Members receive the organization's e-publications, action alerts, and

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

invitations to events, as well as the annual report and newsletter. The membership fees revenue received for future periods has been recorded as deferred revenue.

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 purpose has been fulfilled and/or the stipulated time period has elapsed), temporarily restricted net assets are reported as net assets released from restrictions.

Legal Income

PennFuture's law staff serves as a watchdog over regulatory agencies, filing comments and action letters to guarantee that Pennsylvania's environment and public health are protected to the fullest extent of the law. PennFuture also files court actions to force polluters to comply with the law. Should PennFuture win the case, the organization will recognize legal fee income in the year the case was settled, which helps to cover the costs of the attorneys' fees related to the cases.

Functional Expenses

Expenses are allocated to the various programs based upon the 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 Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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. In addition, PennFuture qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. 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 status. Further, PennFuture annually files a Form 990 and a Form 990-T.

Pending Standards Update

Accounting Standards Update (ASU) 2016-14, *"Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,"* is effective for PennFuture's financial statements for the year ending June 30, 2019. This amendment aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. The ASU changes the net asset classification, requires presentation of expenses both by nature and function, requires investment return reported net of investment expenses, requires placed-in-service approach for gifts of/for long-lived assets, and provides enhanced disclosures for: governing body restrictions; composition of net assets with donor restrictions; qualitative and quantitative information on liquidity; methods to allocate costs among program and support functions; and underwater donor-restricted endowment.

ASU 2014-09, *"Revenue from Contracts with Customers,"* is effective for PennFuture's financial statements for the year ending June 30, 2020 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures.

ASU 2016-02, *"Leases (Topic 842),"* is effective for PennFuture's financial statements for the year ending June 30, 2021. This amendment will require lessees to recognize assets and liabilities on the Statement of Financial Position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*," is effective for the financial statements for the year ending June 30, 2020. This amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

Management has not yet determined the impact of these amendments on PennFuture's financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Cash Concentrations

Cash and cash equivalents potentially subject PennFuture to a concentration credit risk. The balances in checking and savings accounts 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.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

3. Investments and Interest in Other Organization

The following table sets forth by level, within the fair value hierarchy, the investments at fair value and cost as of June 30, 2018 and 2017:

	Level	2018		2017	
		Fair Value	Cost	Fair Value	Cost
Common stocks:					
Materials	1	\$ 31,913	\$ 30,074	\$ 10,581	\$ 10,100
Energy	1	251	237	280	470
Information technology	1	108,233	76,030	77,990	61,448
Consumer discretionary	1	106,006	86,163	51,328	44,809
Consumer staples	1	10,289	10,764	10,375	11,018
Industrials	1	44,593	40,321	33,599	30,142
Financials	1	83,518	69,859	57,854	48,068
Healthcare	1	57,565	51,182	48,771	41,777
Utilities	1	1,150	1,152	855	871
Real Estate	1	108,387	97,899	-	-
Telecom service	1	5,946	5,037	2,596	1,953
Equity mutual funds:					
Large cap	1	307,653	265,661	189,150	165,451
Small/mid cap	1	199,110	197,524	89,028	86,937
Bond mutual funds:					
U.S. Treasuries	1	4,312	4,380	4,399	4,380
Mortgages/asset backed	1	-	-	22,065	22,493
Multi-sector	1	188,141	193,706	152,277	152,645
Intermediate-Term bond	1	109,406	111,146	-	-
Exchange traded funds:					
Large blend	1	51,531	50,220	-	-
Foreign large blend	1	22,533	23,923	-	-
Industrials	1	24,958	23,538	-	-
Miscellaneous sector	1	46,569	47,678	-	-
Total investments		<u>\$ 1,512,064</u>	<u>\$ 1,386,494</u>	<u>\$ 751,148</u>	<u>\$ 682,562</u>

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

Investment income consisted of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Dividends and interest	\$ 27,691	\$ 30,565
Realized gain on sale of investments	21,007	194,778
Unrealized gain (loss) on investments	<u>57,339</u>	<u>(26,804)</u>
Investment income	<u>\$ 106,037</u>	<u>\$ 198,539</u>

PennFuture has a 39.8625% equity interest in PaceControls, LLC. The investment in PaceControls, LLC is accounted for under the equity method of accounting. The investment was carried at a zero value at June 30, 2018 and 2017.

A member of PennFuture's management was on the Board of Directors at PaceControls, LLC. through October 2017.

4. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 70,000	\$ 70,000
Buildings and improvements	627,519	627,519
Furniture and fixtures	147,050	141,617
Computer equipment	62,004	56,443
Website	<u>49,741</u>	<u>49,741</u>
	956,314	945,320
Less: accumulated depreciation	<u>495,019</u>	<u>459,944</u>
Net property and equipment	<u>\$ 461,295</u>	<u>\$ 485,376</u>

Depreciation expense amounted to \$35,075 and \$28,722 for the years ended June 30, 2018 and 2017, respectively.

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

5. Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2018 and 2017 include the following:

	<u>2018</u>	<u>2017</u>
Coal-Tar Based Sealcoat Reduction Campaign	\$ 7,444	\$ 7,444
Provide Legal Support for Citizens Seeking to Protect Public Health and Safety and the Environment in their Communities	2,596	21,310
Advancing Clean Energy in Pennsylvania	-	17,500
From Stormwater to Oil Trains - Building the Environmental Voice	-	4,354
Gorsline Supreme Court Case	-	12,980
Mt. Pleasant Township Substantive Validity Challenge	43,840	53,089
Advance Pennsylvania Methane and Clean Power Plan Regulations	-	19,447
Build Support for Comprehensive Regulation of Methane Emissions from Natural Gas Activities	-	34,991
Choose Clean Water Coalition	155	-
Advance Efficiency and Renewable Generation Statewide	-	59,219
Work Under the Climate Action Campaign	28,274	12,239
Outreach and Advocacy Work to Reform the Renewable Fuel Standard	8,201	8,201
Waters and Surface Water Quality Standards within the Pennsylvania Portion of the Delaware River Watershed	-	174,925
Advocates for the Chesapeake Bay Watershed	-	9,640
Advance Clean Energy, Protect Public Health and Reduce Threats to the Environment	-	444,270
Work for the Coalition for the Delaware River Watershed	10,780	-
Civic Engagement	19,209	-
Clean Energy Pittsburgh Project	40,772	-
Clean Water for All Project	1,713	-
Green in '18	206,041	-
Stormwater Policy	67,694	-
Work for the Arctic National Wildlife Refuge	2,942	-
Clean Energy Pittsburgh Project	9,653	-
Advance and Defend Clean Energy Policies in Pennsylvania	78,336	-
Protect and Improve Water Quality to a Portion of the Youghlogheny River	34,560	-
Delaware River Watershed Collaboration	20,438	-
Protecting Pennsylvania's Open Spaces and High Quality Streams	73,339	39,711
Save the Loyalsock Coalition	4,373	1,726
Common Agenda	1,561	-
Sustain the Region Through Clean Air, Water and Energy	435,000	-
Support Legal Advocacy to Address Impacts of Pipeline Infrastructure	200,000	-
Pennsylvania Rapid Response Fund	20,000	-
Electric Vehicle Outreach in Philadelphia	1,500	1,500
Fighting Back Against SB 652 and the Criminalization of Protestors	15,000	-
Plant 100 Trees Near Hampden Township Veterans Memorial Park	14,425	-
Total	<u>\$ 1,347,846</u>	<u>\$ 922,546</u>

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

During the years ended June 30, 2018 and 2017, temporarily restricted net assets of \$2,185,898 and \$2,595,855, respectively, were released by incurring expenses pursuant to donor stipulations.

6. Commitments

PennFuture leases its Philadelphia, Pittsburgh, and Mount Pocono facilities under non-cancelable operating leases which expire through 2020 to 2022. PennFuture also leases several pieces of office equipment under non-cancelable operating leases expiring through August 2020.

The minimum annual rentals with a term greater than one year are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 124,053
2020	125,361
2021	87,492
2022	<u>7,200</u>
Total	<u>\$ 344,106</u>

Total rent expense, exclusive of operating cost of facilities and office equipment, amounted to \$122,269 and \$117,601 for the years ended June 30, 2018 and 2017, respectively.

7. Economic Dependency

PennFuture is dependent upon grants from various foundations to fund program expenses. For the years ended June 30, 2018 and 2017, PennFuture received 74% and 58%, respectively, from three granting agencies. Discontinuation of, or reductions of such grants would force the curtailment of many program services.

8. Contingency

Under the terms of an agreement between PaceControls, LLC and two individuals, PennFuture has a right to receive a licensing fee of \$150,000 and a consulting fee of

CITIZENS FOR PENNSYLVANIA'S FUTURE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

\$30,000 plus simple interest from May 2007 at 8% per annum. Payment is contingent upon PaceControls, LLC achieving certain levels of capital funding as outlined in the terms of the agreement, such as full funding of a working capital reserve equal to six months of operating expenses and payment of principal and interest on outstanding notes. PaceControls, LLC did not achieve those levels of capital funding for the years ended June 30, 2018 and 2017.