

# **Center for Resource Solutions**

## **FINANCIAL STATEMENTS**

**December 31, 2006**

**(WITH COMPARATIVE TOTALS FOR December 31, 2005)**

## CENTER FOR RESOURCE SOLUTIONS

### CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to the Financial Statements	6-10
Report on Internal Control over Financial Reporting and on Compliance and Other matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Center for Resource Solutions  
San Francisco, California

We have audited the accompanying statement of financial position of Center for Resource Solutions (a nonprofit California corporation) as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Center for Resource Solutions' 2005 financial statements and, in our report, dated May 26, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Resource Solutions as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2007, on our consideration of Center for Resource Solutions' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Certified Public Accountants  
Oakland, California  
February 23, 2007

Center for Resource Solutions

Statement of Financial Position

December 31, 2006

(With Comparative Totals for December 31, 2005)

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 120,892	\$ 21,322
Accounts receivable	234,996	295,842
Grants receivable	25,000	-
Prepaid expenses	7,235	7,236
Total current assets	<u>388,123</u>	<u>324,400</u>
Property and equipment, net (Note 3)	768	2,089
Deposits	<u>4,800</u>	<u>4,800</u>
Total Assets	<u>\$ 393,691</u>	<u>\$ 331,289</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 278,052	\$ 229,380
Line of credit (Note 4)	-	10,000
Total liabilities	<u>278,052</u>	<u>239,380</u>
Commitments and contingencies (Notes 5 and 6)		
Net Assets		
Unrestricted	(4,984)	(66,437)
Temporarily restricted (Note 7)	120,623	158,346
Total net assets	<u>115,639</u>	<u>91,909</u>
Total Liabilities and Net Assets	<u>\$ 393,691</u>	<u>\$ 331,289</u>

See Notes to the Financial Statements

**Center for Resource Solutions**

**Statement of Activities**  
**Year Ended December 31, 2006**  
**(With Comparative Totals for the Year Ended December 31, 2005)**

	Unrestricted	Temporarily Restricted	Total	
			2006	2005
<b>Revenue and Support</b>				
Government contracts	\$ 153,876	\$ -	\$ 153,876	\$ 808,718
Grants	92,714	485,000	577,714	587,000
Certification fees	353,378	-	353,378	256,190
Conference fees	252,560	-	252,560	-
Consulting	485,064	-	485,064	332,215
Net assets released from restriction (Note 7)	522,723	(522,723)	-	-
<b>Total Revenue and Support</b>	<b>1,860,315</b>	<b>(37,723)</b>	<b>1,822,592</b>	<b>1,984,123</b>
<b>Expenses</b>				
Program services	1,414,123	-	1,414,123	1,515,495
General and administrative	318,456	-	318,456	287,314
Fundraising	66,283	-	66,283	73,759
<b>Total Expenses</b>	<b>1,798,862</b>	<b>-</b>	<b>1,798,862</b>	<b>1,876,568</b>
Change in Net Assets	61,453	(37,723)	23,730	107,555
Net Assets, beginning of year	(66,437)	158,346	91,909	(15,646)
Net Assets, end of year	\$ (4,984)	\$ 120,623	\$ 115,639	\$ 91,909

See Notes to the Financial Statements

**Center for Resource Solutions**

**Statement of Cash Flows  
Year Ended December 31, 2006**

**(With Comparative Totals for the Year Ended December 31, 2005)**

	2006	2005
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 23,730	\$ 107,555
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,319	1,984
Changes in assets and liabilities:		
Accounts receivable	60,846	(171,601)
Grants receivable	(25,000)	-
Contract in progress	-	50,199
Accrued payable and accrued expenses	48,675	(16,900)
Deferred revenue	-	(28,185)
Net cash provided (used) by operating activities	109,570	(56,948)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowing	-	10,141
Repayments	(10,000)	(8,550)
Net cash provided (used) by financing activities	(10,000)	1,591
Net change in cash	99,570	(55,357)
Cash, beginning of year	21,322	76,679
Cash, end of year	\$ 120,892	\$ 21,322
<b>Supplemental disclosures:</b>		
Interest paid	\$ -	\$ 197

See Notes to the Financial Statements

**Center for Resource Solutions**

**Statement of Functional Expenses  
Year Ended 2006**

**(With Comparative Totals for the Year Ended December 31, 2005)**

	Program							Total	
	Domestic and Certification Programs	Public Partnerships	International Expert Assistance	Project Development	Total Program	Management and administrative	Fundraising	2006	2005
					-				
Salaries	\$ 441,394	\$ 20,415	\$ 50,584	\$ 45,392	\$ 557,785	\$ 78,833	\$ 45,392	\$ 682,010	\$ 634,191
Payroll taxes	36,981	1,601	3,796	3,553	45,931	2,828	3,553	52,312	48,329
Pension contributions	44,786	2,219	5,505	5,162	57,672	9,067	5,162	71,901	58,188
Other employee benefits	24,810	1,394	5,800	2,692	34,696	6,186	2,692	43,574	44,835
Total personnel	<u>547,971</u>	<u>25,629</u>	<u>65,685</u>	<u>56,799</u>	<u>696,084</u>	<u>96,914</u>	<u>56,799</u>	<u>849,797</u>	<u>785,540</u>
Meetings and supplies	146,875	221	305	-	147,401	30,295	2,703	180,399	34,589
Telephone	8,160	1,748	1,073	-	10,981	6,829	1,159	18,969	18,522
Postage	2,479	50	-	-	2,529	822	170	3,521	4,928
Occupancy	-	-	-	-	-	82,227	-	82,227	81,024
Printing and publications	10,871	-	-	-	10,871	3,728	-	14,599	11,266
Interest	-	-	-	-	-	-	-	-	197
Travel, meals and entertainment	20,790	9,871	11,192	-	41,853	320	2,467	44,640	57,464
Depreciation	-	-	-	-	-	1,319	-	1,319	1,984
Insurance	-	-	-	-	-	15,981	-	15,981	17,843
Professional services	162,105	265,190	77,109	-	504,404	80,021	2,985	587,410	863,211
	<u>\$ 899,251</u>	<u>\$ 302,709</u>	<u>\$ 155,364</u>	<u>\$ 56,799</u>	<u>\$ 1,414,123</u>	<u>\$ 318,456</u>	<u>\$ 66,283</u>	<u>\$ 1,798,862</u>	<u>\$ 1,876,568</u>

See Notes to the Financial Statements

**CENTER FOR RESOURCE SOLUTIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005)**

---

**NOTE 1: NATURE OF ACTIVITIES**

Center for Resource Solutions (the Organization) is a California nonprofit public benefit corporation that brings together diverse interests to preserve the environment, encourage sustainable economic growth and promote clean energy. The Organization administers national and international programs that promote renewable energy through the design and implementation of sustainable energy policies, strategies and technologies as follows:

- ***Domestic Certification Programs:***  
Administers two voluntary certification programs - the Green-E Renewable Electricity Certification Program and the Green Pricing Accreditation Initiative that aim to increase the market for renewable energy by recognizing and verifying superior green electricity offerings in competitive and regulated electricity markets.
- ***Public Energy Partnerships:***  
Supports the public power sector in the development of utility-scale generation projects from renewable resources.
- ***International Expert Assistance:***  
Participates in international programs and policy forums and provides direct technical assistance in several developing countries, including China and Mexico. The Organization aids in the development of renewable energy policy and initiatives that enhance the national and international market for renewables, efficacy and distributed energy technologies.
- ***Project Development:***  
Advances information exchange and technology development by researching, exploring and evaluating renewable energy solutions, strategies, and market mechanisms. This includes but is not limited to micro-enterprise development, renewable energy and appropriate technology applications, and tradable renewable energy credits.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Presentation**

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



**CENTER FOR RESOURCE SOLUTIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005)**

---

**Revenue Recognition**

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

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Income Taxes**

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

**Donated Services**

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

**Estimates**

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

**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment.

**Functional Allocation of Expenses**

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

**CENTER FOR RESOURCE SOLUTIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005)**

---

**Reclassifications**

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

**Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2006</u>	<u>2005</u>
Furniture and equipment	\$ 42,743	\$ 42,743
Less accumulated depreciation	<u>(41,975)</u>	<u>(40,654)</u>
Total	<u>\$ 768</u>	<u>\$ 2,089</u>

**NOTE 4: LINE OF CREDIT**

As of December 31, 2006 the Organization had a \$10,000 unsecured line of credit with a local bank to be drawn down as needed, with interest at 12.25%. There was no outstanding balance at December 31, 2006.

**NOTE 5: COMMITMENTS**

**Operating Leases**

The Organization has entered into an agreement to lease office space from the Presidio Trust for \$6,255 per month that expires on June 30, 2007 and to reimburse the Presidio Trust for utilities and certain telecommunications connect services. Future minimum operating lease payments through the end of the lease is \$37,530.

The total rent expense for the years ended December 31, 2006 and 2005 were \$75,071 and \$72,422, respectively.

**CENTER FOR RESOURCE SOLUTIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005)**

---

**NOTE 6: CONTINGENCIES**

**Cash**

The Organization maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as concentration of credit risk requiring disclosure regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

**Grant Award Conditions**

Grant awards 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 7: TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2006</u>	<u>2005</u>
Green E	\$ -	\$ 92,545
China Sustainable Energy Program	37,449	31,801
Climate Change	41,422	20,446
Measurement and Verification	15,000	6,928
North American Association of Issuing Bodies	<u>26,752</u>	<u>6,626</u>
Total	<u>\$ 120,623</u>	<u>\$ 158,346</u>

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

	<u>2006</u>	<u>2005</u>
Green E	\$ 212,548	\$ 271,519
China Sustainable Energy Program	174,352	181,543
Climate Change	64,024	86,554
Measurement and Verification	31,928	8,072
North American Association of Issuing Bodies	39,871	53,374
Handbook and workshops	-	<u>8,686</u>
Total	<u>\$ 522,723</u>	<u>\$ 609,748</u>

**CENTER FOR RESOURCE SOLUTIONS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2005)**

---

**NOTE 8: RETIREMENT PLAN**

The Organization offers a tax-deferred retirement plan that has been recognized by the Internal Revenue Service as qualifying under IRS Code Section 403(b) as well as a Simplified Employee Pension (SEP) plan. All employees are eligible to make personal contributions to the 403(b) plan subject to IRS defined limitations. The Organization makes additional contributions in an amount equal to 10% of the employee's gross salary, annually to the SEP, subject to IRS defined limitations for all eligible employees. Total contributions made by the Organization for 2006 and 2005 were \$71,901 and \$58,187 respectively.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Center for Resource Solutions  
San Francisco, California

We have audited the financial statements of Center for Resource Solutions (a nonprofit organization) as of and for the year ended December 31, 2006, and have issued our report thereon dated February 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Center for Resource Solutions' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Center for Resource Solutions' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountants  
Oakland, California  
February 23, 2007