
CENTER FOR RESOURCE SOLUTIONS

FINANCIAL STATEMENTS

December 31, 2015

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

CROSBY & KANEDA
Certified Public Accountants

Dedicated to Nonprofit Organizations

CENTER FOR RESOURCE SOLUTIONS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Resource Solutions
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Resource Solutions, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Resource Solutions as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center for Resource Solution's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crooby + Kamada

Certified Public Accountants

Oakland, California

June 27, 2016

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**Statement of Financial Position
December 31, 2015
(With Comparative Totals as of December 31, 2014)**

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 824,693	\$ 822,075
Certificates of deposit	369,429	218,668
Accounts receivable	12,092	40,800
Prepaid expenses	12,367	12,340
Total Current Assets	<u>1,218,581</u>	<u>1,093,883</u>
Property and equipment, net (Note 3)	<u>10,938</u>	<u>38</u>
Total Assets	<u>\$ 1,229,519</u>	<u>\$ 1,093,921</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$	\$ 1,295
Vacation accrual	43,860	45,310
Deferred revenue	231,253	349,434
Total Liabilities	<u>275,113</u>	<u>396,039</u>
Commitments and Contingency (Notes 4 and 5)		
Unrestricted Net Assets		
Undesignated	584,977	479,214
Board designated reserve	369,429	218,668
Total Unrestricted Net Assets	<u>954,406</u>	<u>697,882</u>
Total Liabilities and Net Assets	<u>\$ 1,229,519</u>	<u>\$ 1,093,921</u>

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

**Statement of Activities
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

	<u>2015</u>	<u>2014</u>
Support and Revenue		
Grants	\$ 201,730	\$ 148,500
Contributions	16,377	20,797
Certification fees	1,575,094	1,554,502
Conference fees	193,503	165,003
Contract fees	421,165	297,764
Interest income	1,889	1,155
Total Support and Revenue	<u>2,409,758</u>	<u>2,187,721</u>
Expenses		
Program	1,758,684	1,508,456
Management and general	367,879	411,819
Fundraising	26,671	43,469
Total Expenses	<u>2,153,234</u>	<u>1,963,744</u>
Change in Unrestricted Net Assets	256,524	223,977
Unrestricted Net Assets, beginning of year	<u>697,882</u>	<u>473,905</u>
Unrestricted Net Assets, end of year	<u>\$ 954,406</u>	<u>\$ 697,882</u>

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Statement of Cash Flows
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 256,524	\$ 223,977
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,397	452
Changes in assets and liabilities:		
Accounts receivable	28,708	11,659
Prepaid expenses	(27)	-
Accounts payable and accrued expenses	(1,295)	(25,914)
Vacation accrual	(1,450)	4,452
Deferred revenue	(118,181)	134,019
Net cash provided (used) by operating activities	165,676	348,645
Cash flows from investing activities:		
Net change in purchase of equipment	(12,297)	-
Net change in purchases of certificates of deposit	(150,761)	(118,620)
Net cash provided (used) by investing activities	(163,058)	(118,620)
Net change in cash and cash equivalents	2,618	230,025
Cash and cash equivalents, beginning of year	822,075	592,050
Cash and cash equivalents, end of year	\$ 824,693	\$ 822,075

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

**Statement of Functional Expenses
For the Year Ended December 31, 2015**

(With Comparative Totals for the Year Ended December 31, 2014)

	Program					Total	
	Green-e Certification and Verification Programs	China and Expert Assistance	Renewable Energy Markets Conference	Total Program	Management and General	Fundraising	Total
	2015	2014	2015	2014	2015	2014	2015
Salaries	\$ 671,185	\$ 23,063	\$ 65,485	\$ 759,733	\$ 148,215	\$ 13,970	\$ 921,918
Pension contributions	33,509	1,151	3,269	37,929	7,400	697	46,026
Other employee benefits	97,745	3,359	9,537	110,641	21,585	2,034	134,260
Payroll taxes	53,661	1,851	5,178	60,690	11,203	994	72,887
Total Personnel	856,100	29,424	83,469	968,993	188,403	17,695	1,175,091
Accounting				-	75,317	-	75,317
Other professional services	50,018	332,816		382,834	28,985	5,450	417,269
Supplies	7,882	150	30	8,062	29,583	-	37,645
Telephone and communications	7,600	261	741	8,602	1,678	158	10,438
Printing and publications	26,328	905	2,569	29,802	5,814	548	36,164
Professional development	2,276			2,276	468	-	2,744
Occupancy	111,789	3,841	10,907	126,537	24,686	2,327	153,550
Travel and meals	46,052	4,998		51,050	4,491	43	55,584
Conferences and meetings	572	33	168,347	168,952	4,799	237	173,988
Depreciation				-	1,397	-	1,397
Insurance	10,227	351	998	11,576	2,258	213	14,047
Total Expenses	\$ 1,118,844	\$ 372,779	\$ 267,061	\$ 1,758,684	\$ 367,879	\$ 26,671	\$ 2,153,234
							\$ 1,963,744

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Notes to the Financial Statements For the Year Ended December 31, 2015 (With Comparative Totals for the Year Ended December 31, 2014)

NOTE 1: NATURE OF ACTIVITIES

The Center for Resource Solutions (CRS) is a national nonprofit with global impact. We develop expert responses to climate change issues with the speed and effectiveness necessary to provide real-time solutions. Our leadership through collaboration and environmental innovation builds policies and consumer-protection mechanisms in renewable energy, greenhouse gas reductions, and energy efficiency that foster healthy and sustained growth in national and international markets.

- **Policy.** CRS's policy work promotes progress on the interrelated challenges of reversing global warming and advancing clean renewable-energy development. It seeks to ensure that bold policies to advance clean energy development and reduce greenhouse gas emissions are carried out effectively and equitably. CRS's policy outreach impacts regulators, legislators, policy implementers, and thought leaders locally and regionally in North America and globally, and promotes the effective integration of policy and market solutions to advance sustainable energy.
- **Voluntary Certification Programs.** Founded in 1997, Green-e Energy is CRS's flagship consumer protection and certification program, seeking to give North American consumers and organizations confidence that their purchase of renewable energy is making a difference. Since its founding, the program has grown significantly—in 2014 it certified two-thirds of the voluntary renewable energy transactions in the U.S., including renewable electricity from more than half of the U.S.'s wind generation. Green-e Energy's sister program, Green-e Climate, provides consumer protection and quality assurance to the voluntary carbon offset market, and Green-e Marketplace supports businesses to use renewable energy and carbon reductions, and assists them in communicating their actions to internal and external stakeholders. The Green-e programs mandate a rigorous accountability on retail products sold to consumers and businesses, bringing needed transparency to the industry that can bolster consumer confidence and in turn grow demand for high impact renewable energy and carbon emission reductions.
- **Expert and Technical Assistance.** CRS's work supports sustainable energy opportunities that are economically viable as well as environmentally sustainable and culturally appropriate. We provide technical support services to state and national governments, utilities, energy developers, regulatory agencies and private-sector companies. CRS core competencies include renewable energy and climate change policy, renewable energy and climate change education and communication, consumer protection and environmental marketing, auditing and verification, greenhouse gas footprint analysis, environmental commodity market development, and tracking and certification systems. The services are targeted to support policy implementation and evaluation, energy development and procurement planning, greenhouse emission analysis, economic and resource studies, market development, and decision and risk analysis. CRS promotes best

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Notes to the Financial Statements
For the Year Ended December 31, 2015
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practices, education, and innovation through its publications, website, webinars, and annual Renewable Energy Markets conference.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

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

Temporarily restricted net assets— represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. There were no temporarily restricted net assets as of December 31, 2015.

Permanently restricted net assets — represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2015.

Contributions

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

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

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(With Comparative Totals for the Year Ended December 31, 2014)**

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

Accounts Receivable

The Organization considers all accounts receivable to be fully collectible at December 31, 2015. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no contributed services that met the criteria for recognition for the year ended December 31, 2015.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

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

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the

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measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

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

Level 3 - Unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2015.

Concentration of Credit Risk

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

Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-5 years
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Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Deferred Revenue

Deferred revenue represents certification fees which have not yet been completely fulfilled.

Functional Allocation of Expenses

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

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to

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(With Comparative Totals for the Year Ended December 31, 2014)**

constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Reclassifications

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

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of June 27, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 25,492	\$ 37,234
Less accumulated depreciation	<u>(14,554)</u>	<u>(37,196)</u>
Total	<u>\$ 10,938</u>	<u>\$ 38</u>

NOTE 4: COMMITMENTS

Operating Leases

The Organization is party to a copier lease that expires in May 2019 and office space in San Francisco that expires in October 2020. Future minimum lease payments were as follows for the years ended December 31:

2016	\$ 163,202
2017	167,990
2018	172,920
2019	175,783
2020	<u>148,790</u>
Total	<u>\$ 828,685</u>

Rent for the years ended December 31, 2015 and 2014 was \$153,549 and \$149,570, respectively.

NOTE 5: CONTINGENCY

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.

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For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)**

NOTE 6: 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 401(k). All employees are eligible to make personal contributions to the 401(k) plan subject to IRS defined limitations. The Organization made additional contributions in an amount equal to 3% of the employee's gross salary and matched employee contributions up to 3% for the years ended December 31, 2015 and 2014 of \$46,026 and \$50,465, respectively.