CENTER FOR RESOURCE SOLUTIONS

FINANCIAL STATEMENTS

December 31, 2017

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

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, 2017, 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, 2017, and the changes in its net assets 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, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California
August 31, 2018

CENTER FOR RESOURCE SOLUTIONS

Statement of Financial Position
December 31, 2017
(With Comparative Totals as of December 31, 2016)

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 1,236,603	$ 1,253,764
Certificates of deposit	450,484	372,236
Accounts receivable	76,264	96,416
Prepaid expenses	5,547	19,471
Total Current Assets	1,768,898	1,741,887
Property and equipment, net (Note 3)	17,088	11,512
Deposits	13,986	14,879
Total Assets	$ 1,799,972	$ 1,768,278
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 42,321	$ 29,118
Vacation accrual	61,251	55,044
Deferred revenue	459,864	475,308
Total Liabilities	563,436	559,470
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted		
Undesignated	664,300	636,827
Board designated reserve	572,236	522,236
Total Unrestricted	1,236,536	1,159,063
Temporarily restricted (Note 6)	-	49,745
Total Net Assets	1,236,536	1,208,808
Total Liabilities and Net Assets	$ 1,799,972	$ 1,768,278

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Statement of Activities
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Support and Revenue				
Grants and sponsorships	$ 198,551	$ 73,829	$ 272,380	$ 294,147
Contributions	14,036		14,036	19,340
Certification fees	1,846,102		1,846,102	1,723,936
Conference fees	241,629		241,629	210,524
Contract fees	407,907		407,907	437,500
Interest income	5,483		5,483	3,938
Net assets released from donor restrictions (Note 6)	123,574	(123,574)	-	-
Total Support and Revenue	2,837,282	(49,745)	2,787,537	2,689,385
Expenses				
Program	2,289,111		2,289,111	2,000,509
Management and general	442,294		442,294	412,588
Fundraising	28,404		28,404	21,886
Total Expenses	2,759,809	-	2,759,809	2,434,983
Change in Net Assets	77,473	(49,745)	27,728	254,402
Net Assets, beginning of year	1,159,063	49,745	1,208,808	954,406
Net Assets, end of year	$ 1,236,536	$ -	$ 1,236,536	$ 1,208,808

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Statement of Cash Flows
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 27,728	$ 254,402
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,229	5,165
Changes in assets and liabilities:		
Accounts receivable	20,152	(84,324)
Prepaid expenses	13,924	(19,471)
Deposits	893	(2,512)
Accounts payable and accrued expenses	13,203	29,118
Vacation accrual	6,207	11,184
Deferred revenue	(15,444)	244,055
Net cash provided (used) by operating activities	74,892	437,617
Cash flows from investing activities:		
Purchases or property and equipment	(13,805)	(5,739)
Net change in certificates of deposit	(78,248)	(2,807)
Net cash provided (used) by investing activities	(92,053)	(8,546)
Net change in cash and cash equivalents	(17,161)	429,071
Cash and cash equivalents, beginning of year	1,253,764	824,693
Cash and cash equivalents, end of year	$ 1,236,603	$ 1,253,764

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

	Program						Total	
	Certification and Verification Programs	Policy and Expert Assistance	Renewable Energy Markets Conference	Total Program	Management and General	Fundraising	2017	2016
Salaries	$ 692,162	$ 274,768	$ 115,644	$ 1,082,574	$ 156,922	$ 15,723	$ 1,255,219	$ 1,057,146
Retirement contributions	36,716	14,575	6,134	57,425	8,324	834	66,583	55,754
Other employee benefits	99,531	39,511	16,629	155,671	22,565	2,261	180,497	145,868
Payroll taxes	57,938	21,463	9,159	88,560	11,393	1,190	101,143	83,076
Total Personnel	886,347	350,317	147,566	1,384,230	199,204	20,008	1,603,442	1,341,844
Legal				-	-	-	-	7,320
Accounting				-	75,004	-	75,004	74,963
Other professional services	26,574	265,939		292,513	33,693	1,125	327,331	402,287
Office expenses	4,055	306		4,361	43,944	-	48,305	44,605
Telephone and communications	5,278	2,095	882	8,255	1,197	122	9,574	10,001
Printing and publications	19,170	1,038		20,208	24,150	-	44,358	62,172
Professional development	2,097		517	2,614	2,030	-	4,644	3,324
Occupancy	104,540	41,499	17,466	163,505	23,701	2,375	189,581	159,427
Travel and meals	56,602	52,831		109,433	10,319	4,273	124,025	89,584
Conferences and meetings	6,039	1,038	275,796	282,873	17,762	194	300,829	214,293
Depreciation				-	8,229	-	8,229	5,165
Insurance	13,503	5,360	2,256	21,119	3,061	307	24,487	18,351
Market research				-	-	-	-	1,647
Total Expenses	$ 1,124,205	$ 720,423	$ 444,483	$ 2,289,111	$ 442,294	$ 28,404	$ 2,759,809	$ 2,434,983

Notes to the Financial Statements
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)

NOTE 1: NATURE OF ACTIVITIES

The Center for Resource Solutions (the Organization) 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.** The Organization'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. The Organization'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 the Organization'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 2016 it certified the majority 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.** The Organization'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 The Organization's 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. The Organization promotes best 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 and other inflows of assets 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.

Permanently restricted net assets – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of December 31, 2017.

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.

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, 2017. 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, 2017 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, 2017.

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 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, 2017

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

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.

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 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, 2016, 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 August 31, 2018 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:

	2017	2016
Furniture and equipment	$ 31,845	$ 18,040
Less accumulated depreciation	(14,757)	(6,528)
Total	$ 17,088	$ 11,512

NOTE 4: COMMITMENTS

Operating Leases

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

2018	$ 171,140
2019	174,208
2020	148,790
Total	$ 494,138

Rent for the years ended December 31, 2017 and 2016 was $189,581 and $159,427, respectively.

NOTE 5: CONTINGENCIES

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 6: TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2017, there were no temporarily restricted net assets available. As of December 31, 2016 $49,745 in temporarily restricted net assets were available for EF Clean Power Plan

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows for the years ended December 31:

	2017	2016
EF Clean Power Plan	$ 34,736	$ 1,861
EF China Review	88,838	-
China Study Tour	-	24,364
Total	$ 123,574	$ 26,225

NOTE 7: 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, 2017 and 2016 of $66,583 and $55,754, respectively.