Center for Resource Solutions

FINANCIAL STATEMENTS

December 31, 2018

(With Comparative Totals as of December 31, 2017)

Crosby & Kaneda

Certified Public Accountants
for Nonprofit Organizations

CENTER FOR RESOURCE SOLUTIONS

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CROSBY & KANEDA

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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, 2018, 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, 2018, 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, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California
November 1, 2019

CENTER FOR RESOURCE SOLUTIONS

Statement of Financial Position
December 31, 2018
(With Comparative Totals as of December 31, 2017)

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	$ 1,170,489	$ 1,236,603
Certificates of deposit	453,216	450,484
Accounts receivable	36,219	76,264
Prepaid expenses	6,881	5,547
Total Current Assets	1,666,805	1,768,898
Property and equipment, net (Note 3)	12,048	17,088
Deposits	13,986	13,986
Total Assets	$ 1,692,839	$ 1,799,972
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 4,334	$ 42,321
Vacation accrual	60,199	61,251
Deferred revenue	233,825	459,864
Total Liabilities	298,358	563,436
Commitments and Contingencies (Notes 4 and 5)		
Net assets without donor restriction (Note 6)	1,394,481	1,236,536
Total Liabilities and Net Assets	$ 1,692,839	$ 1,799,972

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Statement of Activities
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support and Revenue				
Grants and sponsorships	$ 193,150	$ 15,000	$ 208,150	$ 272,380
Contributions	13,493		13,493	14,036
Certification fees	2,001,125		2,001,125	1,846,102
Conference fees	240,562		240,562	241,629
Contract fees	443,030		443,030	407,907
Interest income	2,960		2,960	5,483
Support provided by purpose restrictions	15,000	(15,000)	-	-
Total Support and Revenue	2,909,320	-	2,909,320	2,787,537
Expenses				
Program	2,275,520		2,275,520	2,289,111
Management and general	433,628		433,628	442,294
Fundraising	42,227		42,227	28,404
Total Expenses	2,751,375	-	2,751,375	2,759,809
Change in Net Assets	157,945	-	157,945	27,728
Net Assets, beginning of year	1,236,536	-	1,236,536	1,208,808
Net Assets, end of year	$ 1,394,481	$ -	$ 1,394,481	$ 1,236,536

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Statement of Cash Flows
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 157,945	$ 27,728
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,850	8,229
Changes in assets and liabilities:		
Accounts receivable	40,045	20,152
Prepaid expenses	(1,334)	13,924
Deposits	-	893
Accounts payable and accrued expenses	(37,987)	13,203
Vacation accrual	(1,052)	6,207
Deferred revenue	(226,039)	(15,444)
Net cash provided (used) by operating activities	(57,572)	74,892
Cash flows from investing activities:		
Purchases of property and equipment	(5,810)	(13,805)
Net change in certificates of deposit	(2,732)	(78,248)
Net cash provided (used) by investing activities	(8,542)	(92,053)
Net change in cash and cash equivalents	(66,114)	(17,161)
Cash and cash equivalents, beginning of year	1,236,603	1,253,764
Cash and cash equivalents, end of year	$ 1,170,489	$ 1,236,603

See Notes to the Financial Statements

CENTER FOR RESOURCE SOLUTIONS

Statement of Functional Expenses
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

	Program						Total	
	Green-e Certification & Verification	Policy & International Programs	Renewable Energy Markets Conference	Total Program	Management and General	Fundraising	2018	2017
Salaries	$ 760,873	$ 296,155	$ 136,442	$ 1,193,470	$ 151,007	$ 28,256	$ 1,372,733	$ 1,255,219
Retirement contributions	40,666	15,828	7,292	63,786	8,071	1,511	73,368	66,583
Other employee benefits	108,082	28,037	18,339	154,458	42,821	3,620	200,899	180,497
Payroll taxes	63,330	23,509	11,085	97,924	8,629	2,257	108,810	101,143
Total Personnel	972,951	363,529	173,158	1,509,638	210,528	35,644	1,755,810	1,603,442
Legal	650	2,401		3,051	2,423	-	5,474	-
Accounting				-	68,447	-	68,447	75,004
Other professional services	48,951	206,970		255,921	45,847	-	301,768	327,331
Office expenses	4,981	484		5,465	45,534	-	50,999	48,305
Telephone and communications	5,206	2,026	934	8,166	1,033	193	9,392	9,574
Printing and publications	14,905	5,801	2,673	23,379	2,958	554	26,891	44,358
Professional development	2,139		279	2,418	125	-	2,543	4,644
Occupancy	106,079	41,289	19,022	166,390	21,053	3,940	191,383	189,581
Travel and meals	52,776	39,710		92,486	1,035	1,168	94,689	124,025
Conferences and meetings	343	1,292	189,844	191,479	21,628	323	213,430	300,829
Depreciation				-	10,850	-	10,850	8,229
Insurance	10,919	4,250	1,958	17,127	2,167	405	19,699	24,487
Total Expenses	$ 1,219,900	$ 667,752	$ 387,868	$ 2,275,520	$ 433,628	$ 42,227	$ 2,751,375	$ 2,759,809

Notes to the Financial Statements
For the Year Ended December 31, 2018
(With Comparative Totals for the Year Ended December 31, 2017)

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).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; There were no restrictions of this nature as of December 31, 2018.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2018. 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, 2018 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, 2018.

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, 2018.

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 and contract fees which have not yet been completely fulfilled.

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on hourly tracking by functional area in payroll system

Telephone and internet services, insurance, supplies, and occupancy expenses that cannot be directly identified are allocated on the basis of employee full salary plus fringe expenditures for each program and supporting activity.

Management and general activities include the functions necessary to provide support for the Organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Changes in Accounting Principles

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.

The unrestricted net asset class has been renamed net assets without donor restrictions.

The financial statements include a disclosure about liquidity and availability of resources.

The changes have the following effect on net assets at December 31, 2017:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 1,236,536	$ -
Net assets without donor restrictions	-	1,236,536

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, 2017, 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 November 1, 2019 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:

	2018	2017
Furniture and equipment	$ 37,656	$ 31,845
Less accumulated depreciation	(25,608)	(14,757)
Total	$ 12,048	$ 17,088

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:

2019	$ 174,208
2020	148,790
Total	$ 322,988

Rent for the years ended December 31, 2018 and 2017 was $191,383 and $189,581, 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: NET ASSETS WITHOUT RESTRICTIONS

Net assets without donor restriction consisted of the following at December 31:

	2018	2017
Board designated reserve	$ 622,236	$ 572,236
Undesignated	772,245	664,300
Total	$ 1,394,481	$ 1,236,536

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, 2018 and 2017 of $73,368 and $66,583, respectively.

NOTE 8: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	$ 1,170,489
Certificates of deposit	453,216
Accounts receivable	36,219
Amount available for general expenditures within one year	$ 1,659,924

As part of the Organization's liquidity management plan, the Organization invests funds in excess of daily requirements in cash and cash equivalents and certificates of deposits.