CENTER FOR RESOURCE SOLUTIONS

FINANCIAL STATEMENTS

December 31, 2019

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2018)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

CENTER FOR RESOURCE SOLUTIONS

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CROSBY & KANEDA
Certified Public Accountants
for Nonprofit Organizations

1970 Broadway Suite 930
Oakland, CA 94612
www.ckcpa.biz
510-835-2727

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, 2019, 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, 2019, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Crosby & Kaneda CPAs LLP

Oakland, California
October 18, 2020

CENTER FOR RESOURCE SOLUTIONS

Statement of Financial Position
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	$ 2,217,930	$ 1,170,489
Certificates of deposit	-	453,216
Accounts receivable	130,958	36,219
Prepaid expenses	35,586	6,881
Total Current Assets	2,384,474	1,666,805
Property and equipment, net (Note 3)	4,724	12,048
Deposits	16,198	13,986
Total Assets	$ 2,405,396	$ 1,692,839
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 30,904	$ 4,334
Accrued paid time off	64,012	60,199
Deferred revenue (Note 6)	642,712	233,825
Total Liabilities	737,628	298,358
Net Assets		
Without donor restriction (Note 7)	1,529,520	1,394,481
With donor restriction (Note 8)	138,248	-
Total Net Assets	1,667,768	1,394,481
Total Liabilities and Net Assets	$ 2,405,396	$ 1,692,839

CENTER FOR RESOURCE SOLUTIONS

Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Support and Revenue				
Support				
Grants	$	$ 280,000	$ 280,000	$ 15,000
Contributions	16,266		16,266	13,493
Conference				
Sponsors	230,335		230,335	193,150
Registrations	214,727		214,727	240,562
Total conference	461,328	280,000	741,328	462,205
Revenue				
Certification fees	2,213,512		2,213,512	2,001,125
Consulting and program service fees	420,400		420,400	443,030
Interest income	36,308		36,308	2,960
Total revenue	2,670,220	-	2,670,220	2,447,115
Support provided by expiring and purpose restrictions	141,752	(141,752)	-	-
Total Support and Revenue	3,273,300	138,248	3,411,548	2,909,320
Expenses				
Program	2,585,042		2,585,042	2,275,520
Management and general	514,980		514,980	433,628
Fundraising	38,239		38,239	42,227
Total Expenses	3,138,261	-	3,138,261	2,751,375
Change in Net Assets	135,039	138,248	273,287	157,945
Net Assets, beginning of year	1,394,481	-	1,394,481	1,236,536
Net Assets, end of year	$ 1,529,520	$ 138,248	$ 1,667,768	$ 1,394,481

CENTER FOR RESOURCE SOLUTIONS

Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 273,287	$ 157,945
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	7,324	10,850
Changes in assets and liabilities:		
Accounts receivable	(94,739)	40,045
Prepaid expenses	(28,705)	(1,334)
Deposits	(2,212)	-
Accounts payable and accrued expenses	26,570	(37,987)
Accrued paid time off	3,813	(1,052)
Deferred revenue	408,887	(226,039)
Net cash provided (used) by operating activities	594,225	(57,572)
Cash flows from investing activities:		
Purchases of property and equipment	-	(5,810)
Certificates of deposit, net	453,216	(2,732)
Net cash provided (used) by investing activities	453,216	(8,542)
Net change in cash and cash equivalents	1,047,441	(66,114)
Cash and cash equivalents, beginning of year	1,170,489	1,236,603
Cash and cash equivalents, end of year	$ 2,217,930	$ 1,170,489

CENTER FOR RESOURCE SOLUTIONS

Statement of Functional Expenses
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Program	Management and General	Fundraising	Total 2019	Total 2018
Salaries	$ 1,367,438	$ 181,836	$ 19,181	$ 1,568,455	$ 1,372,733
Retirement contributions	63,484	12,628	5,828	81,940	73,368
Other employee benefits	208,199	47,649	6,565	262,413	200,899
Payroll taxes	109,295	13,724	1,495	124,514	108,810
Total Personnel	1,748,416	255,837	33,069	2,037,322	1,755,810
Contract services	239,986	126,473	-	366,459	375,689
Office expenses	1,487	53,560	-	55,047	50,999
Telephone and communications	4,240	610	80	4,930	9,392
Printing and publications	32,627	4,696	618	37,941	26,891
Professional development	223	-	-	223	2,543
Occupancy	185,885	26,755	3,526	216,166	191,383
Travel and meals	127,144	2,155	530	129,829	94,689
Conferences and meetings	217,975	33,114	24	251,113	213,430
Depreciation	-	7,324	-	7,324	10,850
Dues, licenses, service fees	6,389	1,480	-	7,869	-
Insurance	20,670	2,976	392	24,038	19,699
Total Expenses	$ 2,585,042	$ 514,980	$ 38,239	$ 3,138,261	$ 2,751,375

Notes to the Financial Statements
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

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— it continues to certify 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. In 2019, CRS began development of a new Green-e program, Green-e renewable fuels. Completion of standard is expected in 2020. 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, 2019.

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, 2019. 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 IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2019 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, 2019.

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.

Certification Fees

The Organization recognizes certification fee revenue in the year that related certification services are performed. Amounts paid in advance of a certification year are reported as deferred revenue. The Organization's renewable energy certification program includes its Green-e® Energy, Climate and Marketplace programs, which operate on a calendar year certification cycle. Activities during the certification year include a Verification Process Audit and Marketing Compliance Review.

Consulting and Program Service Fees

The Organization recognizes consulting and program service fee revenue over time as related consulting or program service activities are completed. In some cases, mission related program service revenue is recognized in proportion to the underlying allocated costs + overhead basis. The Organization reports funds received in advance of related performance obligations or incurred costs within deferred revenue as unearned income.

Conference Registrations

The Organization recognizes revenue for conference registrations in the period in which the related conference activity occurs. Its current policy is to open registration for such conferences in the same year as the related conference activity, and so it does not generally hold funds at fiscal year-end for future conference.

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, 2019.

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 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.

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, 2018, from which the summarized information was derived.

Adoption of Accounting Standards Updates

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the Organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The Organization adopted the ASU on a modified prospective basis. As a result of the adoption of this policy the Organization confirmed the classification of certain sponsorship payments for new product development as restricted contributions. The Adoption of this ASU did not result in a material change to the financials of the Organization.

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.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2019	2018
Furniture and equipment	$ 37,656	$ 37,656
Less accumulated depreciation	(32,932)	(25,608)
Total	$ 4,724	$ 12,048

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 $148,780 for the year ended December 31, 2020. Rent for the years ended December 31, 2019 and 2018 was $216,166 and $191,383, 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: DEFERRED REVENUE

The Organization recognized advance payments for services that are to be performed in the future as deferred revenue. Deferred revenue consisted of the following as of December 31, 2019:

Green-e Climate Fee	$ 16,157
Green-e Energy Fee	441,741
Marketplace Fees	66,000
Unearned revenue	118,814
Total	$ 642,712

NOTE 7: NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2019	2018
Board designated reserve	$ 672,236	$ 622,236
Undesignated	857,284	772,245
Total	$ 1,529,520	$ 1,394,481

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of $138,248 for Renewable Fuels activities were available as of December 31, 2019.

NOTE 9: RETIREMENT PLAN

The Organization offers a 401(k) retirement plan. The Organization makes a non-elective contribution of 3% of employee's gross salary to the plan. The Organization has approved a discretionary additional 3% match on employee contributions for the past two years. All Organization contributions vest immediately. Total contributions for the years ended December 31, 2019 and 2018 were $81,940 and $73,368, respectively.

NOTE 10: 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, 2019 are:

Financial assets:	
Cash and cash equivalents	$ 2,217,930
Accounts receivable	130,958
Total financial assets	2,348,888
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets	(138,248)
Amount available for general expenditures within one year	$ 2,210,640

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.

NOTE 11: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and has concluded that as of October 18, 2020, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose other than the information noted below:

Public Health Order – Coronavirus

The Organization operates in an area which was affected by the COVID-19 coronavirus and in March 2020 the area was subject to a public health order which affected activities of the Organization.