

**ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2013 AND 2012

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Environmental Fund for Texas, Inc.
dba EarthShare of Texas
Austin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Environmental Fund for Texas, Inc dba EarthShare of Texas (the Organization) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 auditors' 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 auditors consider internal control relevant to the Organization'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 the Organization as of June 30, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Atchley & Associates, LLP

Austin, Texas
March 17, 2014

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2013 and 2012

| | 2013 | 2012 |
|---|--------------|--------------|
| <u>ASSETS</u> | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 890,373 | \$ 818,703 |
| Receivables | | |
| Pledges Receivable | 426,883 | 411,466 |
| Membership Dues Receivable | 4,530 | - |
| Total Receivables | 431,413 | 411,466 |
| Total Current Assets | 1,321,786 | 1,230,169 |
| Furniture, Fixtures, and Equipment, net | 5,335 | - |
| Deposits | 1,325 | 1,325 |
| Total Assets | \$ 1,328,446 | \$ 1,231,494 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts Payable | \$ 116,434 | \$ 8,311 |
| Accrued Expenses | - | 4,185 |
| COACC Payable | 102,960 | 98,989 |
| Distributions Payable | 670,901 | 737,150 |
| Total Current Liabilities | 890,295 | 848,635 |
| Net Assets | | |
| Unrestricted | 423,486 | 340,519 |
| Temporarily Restricted | 14,665 | 42,340 |
| Total Net Assets | 438,151 | 382,859 |
| Total Liabilities and Net Assets | \$ 1,328,446 | \$ 1,231,494 |

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|--|------------------|------------------|
| Change in Unrestricted Net Assets | | |
| Amounts Raised in Campaigns | | |
| Gross Campaign Pledges | \$ 732,412 | \$ 827,569 |
| Plus: Prior Year Campaign Closeout | 76,067 | 47,378 |
| Less: Uncollectible Pledges | (103,501) | (154,046) |
| Less: Designated to Specific Organizations | <u>(547,378)</u> | <u>(606,161)</u> |
| Public Support Designated to EarthShare of Texas | <u>157,600</u> | <u>114,740</u> |
| Revenue and support | | |
| Public Support Designated to EarthShare of Texas | 157,600 | 114,740 |
| Administrative Fees | 117,061 | 106,769 |
| Pledge Closeout | 71,219 | - |
| Campaign Management Fees | 28,439 | 30,488 |
| Grants | 35,000 | 35,000 |
| Member Dues | 27,564 | 21,473 |
| New Member Entry Fees | 2,900 | 15,873 |
| Contributions Income | 6,210 | 2,896 |
| In-Kind Revenue | 8,000 | - |
| Other Income | 1,112 | 3,000 |
| Interest Income | 618 | 947 |
| Assets Released from Restrictions | <u>27,675</u> | <u>46,253</u> |
| Total Revenue and Support | 483,398 | 377,439 |
| Expenses | | |
| Program Services | | |
| Campaign Management | 338,921 | 340,670 |
| Supporting Services | | |
| Management and General | 54,199 | 41,177 |
| Fundraising | <u>7,311</u> | <u>5,884</u> |
| Total Supporting Services | <u>61,510</u> | <u>47,061</u> |
| Total Expenses | <u>400,431</u> | <u>387,731</u> |
| Increase (Decrease) in Unrestricted Net Assets | 82,967 | (10,292) |

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENTS OF ACTIVITIES - Continued
 YEARS ENDED JUNE 30, 2013 and 2012

| | 2013 | 2012 |
|--|-------------|-------------|
| Change in Temporarily Restricted Net Assets | | |
| Assets Released from Restrictions | \$ (27,675) | \$ (46,253) |
| Increase (Decrease) in Temporarily Restricted Net Assets | (27,675) | (46,253) |
| Total Increase (Decrease) in Net Assets | 55,292 | (56,545) |
| Net Assets at Beginning of Year | 382,859 | 439,404 |
| Net Assets at End of Year | \$ 438,151 | \$ 382,859 |

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

| | Program Services | Management and General | Fundraising | Totals |
|---------------------------|---------------------|---------------------------|-----------------|-------------------|
| Payroll Expenses | | | | |
| Officer Salary | \$ 111,341 | \$ 12,371 | \$ - | \$ 123,712 |
| Payroll Taxes | 8,055 | 895 | - | 8,950 |
| Employee Health Insurance | 3,044 | 338 | - | 3,382 |
| Retirement Contribution | 3,423 | 380 | - | 3,803 |
| Total Payroll Expenses | 125,863 | 13,984 | - | 139,847 |
| Advertising and Promotion | 70 | - | - | 70 |
| Affiliation Fee | 26,185 | - | - | 26,185 |
| Bank Charges | - | 154 | - | 154 |
| Board Meetings | 338 | - | - | 338 |
| Depreciation | 2,196 | - | - | 2,196 |
| Distributions to Members | 157,600 | - | - | 157,600 |
| Dues and Subscriptions | - | 400 | - | 400 |
| Fundraising | - | - | 7,311 | 7,311 |
| Insurance | - | 1,501 | - | 1,501 |
| Occupancy | 13,117 | 1,458 | - | 14,575 |
| Office Expense | 560 | 62 | - | 622 |
| Postage and Shipping | - | 1,553 | - | 1,553 |
| Printing and Reproduction | 4,516 | - | - | 4,516 |
| Professional Services | - | 34,642 | - | 34,642 |
| Repairs and Maintenance | 627 | - | - | 627 |
| Special Events | - | - | - | - |
| Supplies | 871 | - | - | 871 |
| Telephone | 4,001 | 445 | - | 4,446 |
| Travel | 2,977 | - | - | 2,977 |
| | <u>\$ 338,921</u> | <u>\$ 54,199</u> | <u>\$ 7,311</u> | <u>\$ 400,431</u> |

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED JUNE 30, 2012

| | Program Services | Management and General | Fundraising | Totals |
|---------------------------|---------------------|---------------------------|-----------------|-------------------|
| Payroll Expenses | | | | |
| Officer Salary | \$ 118,399 | \$ 13,155 | \$ - | \$ 131,554 |
| Payroll Taxes | 9,359 | 1,040 | - | 10,399 |
| Employee Health Insurance | 8,672 | 964 | - | 9,636 |
| Retirement Contribution | 12,234 | 1,359 | - | 13,593 |
| Total Payroll Expenses | 148,664 | 16,518 | - | 165,182 |
| Advertising and Promotion | 11,839 | - | - | 11,839 |
| Affiliation Fee | 28,263 | - | - | 28,263 |
| Bank Charges | - | 702 | - | 702 |
| Board Meetings | 76 | - | - | 76 |
| Depreciation | - | - | - | - |
| Distributions to Members | 114,740 | - | - | 114,740 |
| Dues and Subscriptions | - | 266 | - | 266 |
| Equipment Maintenance | 1,210 | - | - | 1,210 |
| Fundraising | - | - | 5,884 | 5,884 |
| Insurance | - | 500 | - | 500 |
| Occupancy | 14,040 | 1,560 | - | 15,600 |
| Office Expense | 5,768 | 641 | - | 6,409 |
| Postage and Shipping | - | 1,715 | - | 1,715 |
| Printing and Reproduction | 6,446 | - | - | 6,446 |
| Professional Services | - | 18,700 | - | 18,700 |
| Repairs and Maintenance | 191 | - | - | 191 |
| Special Events | 247 | - | - | 247 |
| Supplies | 548 | - | - | 548 |
| Telephone | 5,177 | 575 | - | 5,752 |
| Travel | 3,461 | - | - | 3,461 |
| | <u>\$ 340,670</u> | <u>\$ 41,177</u> | <u>\$ 5,884</u> | <u>\$ 387,731</u> |

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2013 and 2012

| <u>Cash Flows Provided (Used) by Operating Activities</u> | <u>2013</u> | <u>2012</u> |
|--|-------------------|-------------------|
| Increase (Decrease) in Net Assets | \$ 55,292 | \$ (56,545) |
| Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation Expense | 2,196 | - |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | (19,947) | 87,822 |
| (Increase) Decrease in Deposits | - | (260) |
| (Decrease) Increase in Accounts Payable | 108,123 | 1,674 |
| (Decrease) Increase in Accrued Expenses | (4,185) | (4,375) |
| (Decrease) Increase in COACC Payable | 3,971 | (7,506) |
| (Decrease) Increase in Distributions Payable | (66,249) | 56,368 |
| (Decrease) Increase in Texas EGG Payable | - | (7,890) |
| Net Cash Provided (Used) by Operating Activities | <u>79,201</u> | <u>69,288</u> |
| <u>Cash Flows Provided (Used) by Investing Activities</u> | | |
| Purchases of Furnitures, Fixtures and Equipment | <u>(7,531)</u> | <u>-</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(7,531)</u> | <u>-</u> |
| <u>Cash Flows Provided (Used) by Financing Activities</u> | <u>-</u> | <u>-</u> |
| Net Cash Provided (Used) by Financing Activities | <u>-</u> | <u>-</u> |
| Increase (Decrease) in Cash and Cash Equivalents | 71,670 | 69,288 |
| Cash and Cash Equivalents - Beginning of Year | <u>818,703</u> | <u>749,415</u> |
| Cash and Cash Equivalents - End of Year | <u>\$ 890,373</u> | <u>\$ 818,703</u> |
| Cash paid during the year for: | | |
| Taxes paid | <u>\$ -</u> | <u>\$ -</u> |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

EarthShare of Texas (the Organization) is a not-for-profit organization that was founded in 1992 as an umbrella organization of environmental groups working together to raise funds from workplace giving campaigns in Texas. The Organization represents environmental organizations dedicated to protecting our air, land, water, wildlife, and public health; stopping global warming; and promoting environmental education. In 1997, the Organization affiliated itself with EarthShare, a national federated fund-raising organization.

Annual campaigns are conducted by the Organization to raise public support for distribution to participating agencies. Funds are raised during a campaign period, which is the time between the start of the planning, promotion, and initiation of appeals for contributions and pledges under a particular annual campaign and the formal termination date of the campaign. Most annual campaigns of the Organization are conducted in the fall of each year. The Organization distributes campaign funds using a distribution year, which is the 12-month period for which funds from a particular campaign are earmarked to be distributed to participating agencies. Distributions are made quarterly. The Organization earns administrative fees for conducting campaigns, monitoring and distributing funds to participant agencies, and other donor designated organizations.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization has adopted Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities- Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report 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. In addition, the Organization is required to present a statement of cash flows.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2013 and 2012, consisted of money market accounts and operating accounts at two financial institutions in Austin, Texas. The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives using the straight-line method. The estimated useful lives for these assets, consisting of furniture and equipment, are 3 to 10 years.

Repair and maintenance items are charged to expense as incurred.

Revenue Recognition

The Organization receives contributions and other resources whose use is limited by stipulations that are more specific than the broad limits resulting from the nature and purpose of the Organization and its programs. Resources (net assets) with such stipulations that either expire by the passage of time or can be fulfilled by actions of the Organization are reported as temporarily restricted net assets. Net assets released from accompanying stipulations due to the Organization's action are reported as net assets released from restrictions and reported as transfers from temporarily restricted net assets to unrestricted net assets. As of June 30, 2013 and 2012, the Organization had temporarily restricted assets of \$14,665 and \$42,340, respectively and no permanently restricted assets.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$70 and \$11,839 for the years ending June 30, 2013 and 2012, respectively.

Income Taxes

The Organization is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal income taxes. As such, no provision for Federal income taxes is presented in these financial statements.

ENVIRONMENTAL FUND FOR TEXAS, INC
dba EARTHSHARE OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 and 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Income Taxes - Continued

The Organization has adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Tax*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Subsequent Events

Management of the Organization has evaluated subsequent events for disclosure through the date of the independent auditors' report, the date the financial statements were available to be issued.

NOTE B - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying financial statements:

Program Services:

The Organization conducts annual campaigns to raise public support for distribution to participating agencies.

Supporting Services:

Management and General – Provides management and administrative functions necessary to ensure a proper office, articulates organizational strategies and administrative policies of the President and Board of Directors, maintains competent legal services for program administration, and properly manages the financial and budgetary responsibilities of the Organization.

Fundraising – Costs allocated to fundraising are direct costs related to specific campaigns operated by the Organization. Fundraising costs totaled \$7,311 and \$5,884 for the years ended June 30, 2013 and 2012, respectively.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 and 2012

NOTE C - FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consists of the following at June 30:

| | 2013 | 2012 |
|--------------------------|----------|----------|
| Cost | | |
| Equipment | \$ 9,607 | \$ 2,076 |
| Accumulated depreciation | (4,272) | (2,076) |
| | \$ 5,335 | \$ - |

NOTE D - UNDESIGNATED DISTRIBUTIONS

Public support received during the annual campaign, not designated for a specific participant organization, is to be allocated and distributed to participant agencies based on a formula determined by the governing board and approved by the membership council.

Such undistributed funds are to be allocated equally to fully participating agencies. The allocations are to be tracked and reported to participant agencies and no interest is to accumulate on undistributed funds. Whenever the Board authorizes payments on deferred distributions, the payments will be pro-rata to participant agencies. If a participant agency resigns and is in good standing, the agency may receive its deferred distribution whenever a payment occurs. However, if a participant agency is terminated, its deferred distribution reverts to the Organization.

NOTE E - RETIREMENT PLAN

The Organization offers employees the opportunity for participation in a contributory retirement plan. The Organization matches employees' contributions up to 10% of salary through October 2012 and 3% thereafter. The expense to the Organization for the years ended June 30, 2013 and 2012, was \$3,803 and \$13,593, respectively.

NOTE F - IN-KIND CONTRIBUTIONS

In accordance with FASB ASC 958-605-25-16, *Not-for-Profit Entities - Revenue Recognition - Recognition - Contributed Services*, donated materials, facilities, and services are recorded at their estimated values and recorded as revenue in the accounting period in which they are received. The Organization received professional services for the years ended June 30, 2013 and 2012, with the estimated values of \$8,000 and \$0, respectively.

ENVIRONMENTAL FUND FOR TEXAS, INC
 dba EARTHSHARE OF TEXAS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013 and 2012

NOTE G - OPERATING LEASES

The Organization leases office facilities and office equipment under non-cancelable operating leases. Future minimum lease payments under leases charged to or signed by the Organization at June 30, 2013, are as follows:

| Year Ending June 30, | |
|----------------------|------------------|
| 2014 | \$ 17,759 |
| 2015 | 11,284 |
| 2016 | 504 |
| 2017 | 130 |
| | <hr/> |
| | <u>\$ 29,677</u> |

Office space and equipment rental expense was \$17,413 and \$17,107 for the years ended June 30, 2013 and 2012, respectively.

NOTE H - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

The Organization places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. The Organization maintains cash balances at Capitol Credit Union and Bank of America in Austin, Texas.

The total cash held by the Organization at June 30, 2013 and 2012, includes \$566,781 and \$440,887, respectively, in monies that are not covered by the Federal Deposit Insurance Corporation. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

NOTE I - FUNCTIONAL ALLOCATION OF EXPENSES

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